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ABSTRACT

One of eleven modules developed for secondary school consumer education, this document emphasizes the need of the consumer, especially the disadvantaged consumer, to understand the law and the protection it can offer. The material is presented in three columns: understandings (usually formulated as questions followed by commentary), suggested pupil and teacher activities, and sources of information for resources to be used in implementing the suggested activities. Background material is also provided. Areas covered include relationships between the consumer and the law, contracts, sellers' responsibilities, guarantees, responsibillties, credit buying, installment contracts, consumer protection legislation, debts, truth-in-lending, consumer fraud, and sources of aid for the consumer. (SA)

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LAW AND THE CONSUMER

one of a series for expanded programs in CONSUMER EDUCATION

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Bureau of Secondary Curriculum Development
Albany, New York 12224

ED 092683

LAW AND THE CONSUMER

One of a series for Expanded Programs in Consumer Education

JUSTICE

The University of the State of New York/The State Education Department
Bureau of Secondary Curriculum Development/Albany/1973

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FOREWORD

In 1967, the State Education Department published "Consumer Education — Materials for an Elective Course." This material has since been introduced into more than 500 of the New York State high schools. As a result of the interest in Consumer Education in the State and Nation, the Department has begun the preparation of a series of modules — Expanded Programs of Consumer Education. This module, Law and the Consumer, is the 11th to be produced. Those already distributed are

Consumer Issues and Action
Education and the Consumer
The Consumer and Recreation
Consumer Problems of the Poor
The Consumer and His Health Dollar
The Consumer Looks at His Automobile Insurance
The Consumer and Transportation
Beauty Products and the Consumer
Taxes and the Consumer
Credit and the Consumer

It is expected that other modules will be produced in these fields:

The Consumer Copes With the Problems of a Technological Age
The Car and the Consumer

Nothing touches the lives of the disadvantaged more than the constant struggle to stretch limited financial resources to meet the increasing costs of living. These modules are designed in the hope that they will help the poor to make better use of their income, as well as with the expectation that those of higher income will be more understanding of their own problems and of the problems of their fellow citizens.

Unlike the original syllabus, where 12 units covering various phases of Consumer Education were bound together, the modules in Expanded Programs of Consumer Education are being prepared as separate publications to provide greater flexibility. Each of the modules in the series may be used as a discrete unit or with other units in the series. The modules may be presented as a semester or part of a semester course or in conjunction with the original syllabus which covers such areas as the purchase of food; shelter; appliances; automobiles; and a consideration of credit; money management; fraud, quackery, and deception; banking and savings; life and health insurance; security programs; and consumer law.

It is hoped that the presentation of the modules as separate publications will tend toward flexibility in their use as mini-courses in such fields as social studies, business education, home economics, industrial arts, agriculture, and other areas of the curriculum.

The suggestions to the teacher found in "Consumer Education — Materials for an Elective Course," pages 1-4, apply equally to each of these modules. The reaction and suggestions of those using these materials in the field

will be helpful to the Department in planning further materials for Consumer Education and in making necessary revisions of the material.

The original material for this module was developed and written by Robert E. Colton, business education teacher, Hauppauge High School.

The Department acknowledges with appreciation the suggestions of those who reviewed the manuscript and in particular the following who made substantial contributions:

- Richard A. Givens, Regional Director of the New York Office of the Federal Trade Commission
- Barnett Levy, Assistant Attorney General in charge of Consumer Frauds and Protection Bureau
- Mrs. Thelma Lichtblau, Consumer Education Specialist, Consumer Frauds and Protection Bureau
- Louis Milone, Jr., Assistant to the Commissioner for Consumer Affairs, Nassau County

The Department would also like to acknowledge the continuing support of Attorney General Louis J. Lefkowitz, who has been a staunch supporter of Consumer Education and who made some of his able staff members available to help develop this module. His letter is to be found on the following page.

Gratitude is expressed to June Long, a student at Hauppauge High School, for most of the illustrations used in this module.

Hillis K. Idleman, associate in secondary curriculum development, edited the material and prepared the module for publication.

Gordon E. Van Hooft
Director, Division of
Curriculum Development

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STATE OF NEW YORK
DEPARTMENT OF LAW
ALBANY

LOUIS J. LEFKOWITZ
ATTORNEY GENERAL

April 25, 1973

Dear Mr. Idleman:

Needless to say, I consider your new teaching module "Law and the Consumer" a most welcome addition to the Bureau of Secondary Curriculum's past record of successful contributions to consumer education.

The need to replace consumer disenchantment and distrust with confidence and trust in his dealings in today's complex marketplace, as well as in his dealings with his fellow man, the business community and the agencies which afford him protection, is a fact well known to all of us. What better way to achieve this than through an understanding of the law and the protection it can offer.

"Law and the Consumer" identifies and explains such areas as warranties, credit, advertising puffery, door-to-door sales, repossession, home improvement plans, etc., as well as recent trends and laws which make life less frustrating, and daily decision making easier.

This module will long be remembered by those young people who are privileged to use it as a source of knowledge and skillful blending of material.

It was a privilege working with you in its preparation.

Sincerely,

LOUIS J. LEFKOWITZ
Attorney General

Mr. Hillis K. Idleman, Associate
Bureau of Secondary Curriculum Development
The University of the State of New York
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Albany, New York 12224

LAW AND THE CONSUMER

INTRODUCTION

"Caveat venditor!" Let the seller beware! In terms of generations of consumers who have lived with "caveat emptor" (let the buyer beware), placing the burden of responsibility for quality of product and honesty of merchandising on the seller is a totally new concept.

During the decade of the sixties and continuing into the seventies, there has been a national awareness of the plight of the consumer. This is evidenced by new legislation in the consumer field - legislation on the Federal and State levels which now protects the consumer against unsafe products and unfair or misleading business practices, bringing into prominence this principle of "caveat venditor." ...But, is the legislation keeping up with the demands of today's consumer?

The late President John F. Kennedy noted in his message to Congress in 1962 that the solutions to helping the consumer are not at all simple:

> The march of technology has increased the difficulties of the consumer along with his opportunities... Rational choice between and among (products) would require the skills of the amateur electrician, mechanic, chemist, toxicologist, dietician, and mathematician...Marketing is increasingly impersonal. Consumer choice is influenced by mass advertising utilizing highly developed arts of persuasion. The consumer typically cannot know whether drug preparations meet minimum standards of safety, quality, and efficacy. He usually does not know how much he pays for credit; whether one prepared food has more nutritional value than another; whether the performance of a product will in fact meet his needs; or whether the "large economy size" is really a bargain.

Although stated in 1962, President Kennedy's message nevertheless is still relevant today.

Today's consumer must become more sophisticated, especially in that "other language" - the language of installment contracts, warranties, statute of frauds, credit, etc. He must learn about this language to protect himself in his day-to-day dealings in the marketplace. He must know what he can do through his own resources, and he must know when he needs to secure good legal advice. Consumers have too often fallen victim to those few in the marketplace who do not hesitate to mislead, cheat, and lie. Usually the victims are those who can least afford it - the poor, the elderly, and those with a language barrier. These are the consumers who are most vulnerable because of their lack of legal and marketing sophistication. Hopefully, legislation in the consumer field will continue to provide increased protection to these - and all - consumers.

The consumer must nevertheless be educated to understand that in most of his day-to-day dealings in the marketplace, he alone still bears responsibility for his contractual obligations. Although it is his right under the law, as a free citizen, to take part in a contract, if he is to exercise this right intelligently, he must know what his rights and obligations are under the law, and he must be aware of the terminology used and implications involved in signing such a contract.

A major area of common law is that which is related to making a contract; this area should be given special attention by the teacher. For the most part, laws with which the consumer must deal result from past court decisions relating to customs, usages, and trade practices of the past, generally known as common law. Students should be made aware that although this is the law which contains most of the rules he must follow in the marketplace legislative bodies such as the Federal and State governments can amend or change this contract law through enactments called statutes.

Such a statute, passed by both our Federal and State governments, deals with the "cooling-off" period and gives the consumer time to think about the contract he has signed before he becomes bound - a major departure from the common law. Thus, the students should be made aware that the law does change, and further, that through political action, they as consumers may influence and indeed cause this change.

"Law and the Consumer" provides an excellent opportunity for the teacher to bring into class discussions some of the actual experiences of students and their parents and to relate these experiences to the particular subject matter being covered. It is also recommended that the teacher not limit himself to the four walls of the classroom; rather, he should encourage independent field research by the students, and field trips should be taken by the class whenever possible. Speakers should also be invited to participate in class discussions, and full use should be made of current material on consumer law. Such material can be found in the Consumer area of The New York Times, as well as in most local newspapers. In addition, a good deal of current information is available in publications such as "Consumer Reports," "Kiplinger Letter," "Moneysworth," and a variety of recent books and magazines covering various aspects of the growing consumer problem.

As a result of the study of this module, students should

- recognize the need for reading and understanding a contract before signing it
- realize when legal advice should be sought
- use their knowledge of the law to prevent becoming involved in contracts which would work to their disadvantage
- recognize and become familiar with some of the legal forms used in the marketplace
- state the five elements required for a valid (binding) contract
- know the elements of fraud and quackery and be able to list some of the more common types of these practices

- list those contracts which must be in writing, as required by law
- describe the two types of warranties and be able to discuss how "weasel" words render some of these warranties meaningless
- name and describe some of the dangerous clauses which may be found in some contracts
- realize that some contracts are unconscionable and be able to enumerate ways to seek relief from such obligations
- state and describe some of the legal remedies available to the creditor and what they mean to the consumer
- state and describe some of the legal remedies available to the consumer and what they mean to the creditor
- describe the protection given to the consumer by city, county, Federal, and State agencies.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
THE LAW — WHAT DOES IT MEAN TO ME AS A CONSUMER?		
. The law provides both protection and restraints on buyers and sellers.	. Show film, "Living Under Law."	. Available from the University of Illinois Film Library; fee for rental - $8.50
	. Have students list the laws which affect them from birth, such as the law stating that each birth must be recorded, that the doctor who delivers the baby must be licensed, etc.	. Town clerk . American Medical Association

BACKGROUND MATERIAL

"When you came into this world, someone probably made a record of the fact. Most states now have a law saying that every birth must be recorded. Your copy of this record is your Birth Certificate. You must have one to get a passport or to get certain jobs. It will also help you when you ask for a driver's license, register to vote, get a marriage license, or want Social Security payments. Laws affect a baby in other ways. They say what training the doctor who brings him into the world must have. They set up standards for the hospital where he is born. They provide for inspection of the milk in his bottle. They also protect him from cruel treatment - even by his parents."
Goodykoontz, William, Dr. Ed., "Law, You, the Police, and Justice," Scholastic Book Service, New York, 1968, p. 25

	. Also have students list laws which affect them in such areas as	
	. school (For example, each child must attend; taxes provide teachers' salaries; pay for buildings; etc.)	. Ibid., pp. 26-28
	. military service (Boys of 18 must register for the draft; must advise draft board of any move; etc.)	. Draft Board

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	marriage (Law requires blood test, waiting period, etc.)	. Town or City Hall . Justice of the Peace
	. jobs (Discrimination prohibited because of sex, age, color, etc.; injury on job., etc.)	. State Unemployment Commission . Human Rights Commission . Department of Labor
	. housing (For example, local laws restrict certain types of building; also require certain permits, etc.)	. Local building costs . Local building department
	. retirement (Medicare, Social Security benefits, etc.)	. Social Security Commission . U.S. Department of Health, Education and Welfare
	. How do laws constrain us from doing as we wish? Have pupils give examples from the consumer and other fields indicating how laws keep us from doing exactly as we please. For example, can we sell a car without proof of ownership? Can we keep our homes as unsanitary as we might wish? Can we build or remodel without conforming to the building code? If we own property, can we charge any rent we wish? Can we sell products without a vendor's license?	. Motor vehicle laws . Sanitary codes . Building codes . License codes . Rent control laws

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. What would life be like without laws? Have groups of students dramatize facets of life without rules and laws. For example, . a schoolroom without regulations . a home in a community without laws to protect the homeowners . a highway without motor vehicle regulations . a pedestrian's problems on a city street without pedestrian regulations . a store without protection from burglary or theft	
THE LAW — WHAT IS IT?		
. Laws are rules for living together.		. Groll and Zevin, "Law and the City," Houghton Mifflin Co., New York, 1970
	. Ask students to give examples of how the law . protects them from violence (What would happen if they took the law into their own hands?) . protects them and their property (For example, how would the law help if someone entered their home uninvited and refused to leave?) . helps in dealings with one another.	. Paul A. Freund, "Laws are like the walls of a house; they protect us against the dangerous or unwelcome power of others to interfere with our activities, and they tell us that we must respect the same rights of others. "There is another way — not so obvious — by which our freedom is secured by law. Even when we ourselves are limited by law or rules, we gain power

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	(For example, settling disputes over contracts in which the consumer may not have read the fine print.)	to do many things that we could not accomplish without these rules. For example, if we obey the law about driving, it is easier for us to reach our destination; we avoid confusion and we can plan our route with more confidence. Likewise, the walls of a house limit our movement — we cannot run freely indoors — but we are able to do the things that require shelter or seclusion or quiet."
. English courts established rules for judging cases, based on the results of past trials. The decisions were based on local customs and helped in dealing fairly with each person brought to trial. When English settlers came to America, they used these decisions to judge cases so that each person would be treated alike. These principles of law became the cornerstone of the American legal system and are known as the common law. The written law, or statutes, may change the common law.	. Start glossary of terms, such as . common law . statute law. . Debate: Common law is the fairest way to treat each individual. . Debate: Our system of law changes too slowly for the growth of modern society. . Debate: Our court system is too slow and too costly for the underprivileged - the ones most often in need of justice.	

BACKGROUND MATERIAL

"Common law...as distinguished from law created by the enactment of legislatures, the common law comprises the body of those principles and rules of action, relating to the government and security of persons and property, which derive their authority solely from usages and customs of immemorial antiquity or from the judgments and decrees of the courts, recognizing, affirming, and enforcing such usages and customs; and, in this sense, particularly the ancient unwritten law of England."
Black, Henry Campbell, West Publishing Company, St. Paul, Minnesota, 4th ed., 1968, p. 345

"Statute — An act of the legislature declaring, commanding, or prohibiting something; a particular law enacted and established by the will of the legislative department of government; the written will of the legislature, solemnly expressed according to the forms necessary to constitute it the law of the state."
Ibid., p. 1581

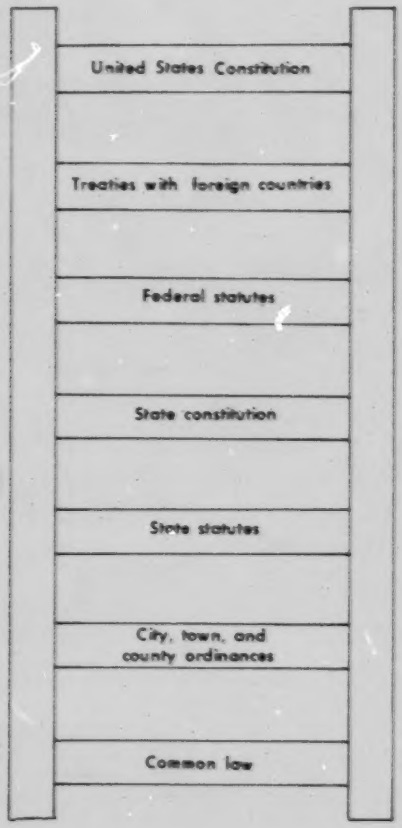
"In making their decisions, English judges followed precedents, or earlier decisions in similar cases. This helped provide equal justice: one person would be treated the same as another in a like situation. It also helped provide stable justice: since judges followed precedents rather than personal notions of right and wrong, a citizen could more easily predict what his legal rights and duties would be in a given set of circumstances."
"Law and the City," p. 41

"When a statute differs from a judge-made precedent covering the same set of circumstances, the statutory law changes the common law."

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
THE CONSUMER — WHO IS HE?		
. The consumer is a user of goods, products, and services. He is affected by changing prices, quality of merchandise, and government regulation of his needs.	. Make a survey of the class, asking each student to name the items consumed or services used since rising that morning. Using the chalkboard, list such items as the soap used to shower, toothpaste to brush teeth, cereal, beverage for breakfast, clothing worn that day to school, etc., as well as the services used — bus, mail delivery, etc.	. "Consumer...one of the great class affected by rising and falling prices, good and poor quality of merchandise, and public regulation of producers and middlemen." Ballentine, James A., "Ballentine's Law Dictionary," Bancroft-Whitney Co., San Francisco, 3rd ed., 1969, p. 257
	. Have students list by category those they consider consumers. For example, . young people . urban poor . disadvantaged . handicapped . housewives	. Consumer goods — "Articles used or bought for use primarily for personal, family or household purposes." "Uniform Commercial Code," 9-109(1)
	. Discuss problems peculiar to each of these groups. How would a knowledge of their rights help them help themselves?	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE

THE LADDER OF LAW



THE CONSUMER — WHAT LAWS AFFECT HIM?

. Any law which affects a person or his property is part of consumer law.

. These laws are derived from decisions of Federal and State courts which deal primarily with customs and trade practices and are known as common law.

. Show filmstrip, "Protecting the Consumer."

. Instruct class to start a scrapbook of articles from newspapers or magazines relating to past, present, or future consumer legislation. Begin by listing of legislation as outlined in The New York Times filmstrip, "Protecting the Consumer."

. "Protecting the Consumer," The New York Times Book and Educational Div., March 1969, narrated by John D. Morris

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Also, enactments by governmental bodies, such as State legislatures, are known as statute law.	. Using these laws as a guide, ask students to enumerate experiences of their own or their families' in which particular laws helped or hindered them as consumers. For instance, in the return of items of clothing which shrank or faded when washed, was it difficult to obtain a refund? Was satisfaction given when the item was returned by the student, or was it necessary for a parent to press the issue?	. Parents . Relatives
	. Have students identify the law which related to each of these experiences. As a result of these laws, was it easier than it formerly was to seek and get the protection of the guarantee?	
	. As the course progresses, have students continue to add to list of consumer laws. Some of these laws are - laws relating to Federal inspection of meat by the Department of Agriculture - Drug and Cosmetic Act of 1938 - Flammable Fabrics Act, 1953 - Auto Safety Laws, 1968	. Upton Sinclair, "The Jungle," New American Library, 1907 . Rachel Carson, "Silent Spring," Fawsett-World . Ralph Nader, "Unsafe at Any Speed," Essandress

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	- 1966 Fair Packaging and Labeling Act - Truth-in-Lending Law, 1968.	
	. Divide the class into committees for the following purposes: - Library Committee - to compile a reference list for all students to use in their research projects - Legal Forms Committee - to collect all of the different legal forms used in consumer transactions - An Audiovisual Committee - to make the arrangements for showing of films and slides - Bulletin Board Committee - to prepare posters and other materials of current interest for display on the bulletin board - Field Trip Committee - to make the arrangements for trips to local courts, banks, and other points of interest - Speaker's Bureau - to obtain lawyers, bankers, and other outside speakers for the class - Biography Committee - to give periodic reports on great men in the field of law	. E. G. Pedroli, "Guidance and Orientation Activities in the Business Law Course," American Business Education Yearbook, 1954, p. 178 . Families . Friends . Lawyers . Bankers

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	- Civil Code Committee - to keep the class informed about current laws relating to the consumer.	
. Another group of regulations which affect the consumer are known as Administrative Law. The Federal Trade Commission (FTC) and the Food and Drug Administration (FDA) are two of the Federal agencies which protect the consumer in the areas of advertising, food, drugs, etc.	. Investigate and name as many of these quasi-judicial bodies as you can. State how they help the consumer. . Assign groups to contact these agencies in Washington, D.C., or the nearest local office and ask for the latest regulations concerning the consumer.	. Business Corporation Law, Art. XI . Executive Law, Art. 5, Sec. 63, Subdiv. 13 and 15 . General Business Law, Art. 22-A, 26, 29-B, etc. . Personal Property Law, Art. 9 and 10 . Penal Law . Agriculture and Markets Law . Uniform Commercial Code . CPLR Art. 23 (subpoena) . General Obligations Law (Specifics on the above laws may be found by contacting the following: . local library . local town attorney . local district attorney . local office of the attorney general.)

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. "Report of Bureau of Consumer Frauds and Protection Department of Law, State of New York, 1971," Louis J. Lefkowitz, attorney general of the State of New York, p. 10
A CONTRACT — WHAT IS IT?		
. A contract is an oral or written agreement that creates a legal obligation enforceable in court.	. Show film, "What is a Contract?"	. Coronet film - Available from New York State Department of Commerce
. People make simple oral contracts many times a day. They may not always be thought of as contracts, but if they contain all the essentials of a contract, they are valid and enforceable in a court of law.	. Use the chalkboard to name examples of some contracts made in day-to-day living, such as purchasing a school lunch, purchasing a dress or a suit. . Ask the students to show and discuss copies of contracts made by parents for such things as cars and home appliances.	. Contract ... "For the purposes of the Uniform Commercial Code, 'contract' means the total legal obligation which results from the Parties' agreement as affected by the code and other applicable rules of law." — Uniform Commercial Code, 1-201 (11). The Uniform Commercial Code relates to commercial transactions and became law in New York State on April 18, 1962.
	. Have students discuss their understanding of common legal terms such as valid, void, etc. . How do their understandings compare with the legal explanations cited in the Source column?	. Valid - sufficient in law . Void - binding on neither party - James A. Ballentine, "Ballentine's Law Dictionary," Bancroft-Whitney Co., San Francisco, 3rd ed., 1969, p. 257

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Have they had experiences which bring home the meaning of these words?	
	. Add to glossary started earlier in the term.	. Voidable contract - one which can be enforced by one party, but usually not by the other.
	. Discuss the contract to buy a bicycle cited in the Source column. Do pupils feel it fair that the contract should be binding on the dealer but that Bob Hansen could cancel it on the ground that he is a minor? Can the law ever work a hardship or inequity on one party to a contract? Should the law be changed?	. "The Ridge Hardware Store accepted a properly signed order for a bicycle for $40 from Bob Hansen, age 12. When the bicycle arrived from the factory, the price had risen and the dealer insisted on getting $50 for the bicycle or canceling the contract. He argued that the original agreement was not binding because Bob Hansen was a minor and was, therefore, incompetent to contract. This agreement is binding, however, on the dealer. Because he is a minor, Bob could cancel the contract if he wished."
	. Do you think that a minor could avoid a contract for a used car or motorcycle on the grounds that he is a minor, given circumstances similar to those cited in the Source column?	. R. F., Warmke, E. D., Wyllie, & B. E., Sellers, "Consumer Decision-Making," South-Western Pub. Co., New Rochelle, N.Y., 1972, p. 98
. Some contracts are more involved and require greater care on the part of the consumer. The services of a lawyer may then be necessary i.e., in buying a home or in starting a business.	. Debate the statement: A lawyer is essential when buying a house.	
	. Why might a lawyer be necessary when buying a house, but not when buying a car?	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Have the Speaker's Bureau arrange for a local lawyer handling real estate to speak before the class. Have him discuss real estate law relating to purchasing a home and covering the areas of - the binder - the contract - the closing.	. Local lawyer
	. Also ask him to include and explain common terms such as - earnest money - the mortgage - the conditional assignment - the deed - the transfer of title - abstract of title - the history of the property.	
	. Ask him for his recommendations or guidelines regarding legal matters for a prospective homeowner.	
	. Have the Speaker's Bureau arrange for a local banker to discuss - financing a home in terms of the - mortgage - payments - consequences of default - how to shop for mortgage money - how the government helps the consumer achieve his "dream home" (FHA).	. Local banker

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Is there a chance for the poor urban apartment dweller to own his own home? How?	. See page 85 of "Consumer Education — Materials for an Elective Course," State Education Department and page 31 of "Consumer Problems of the Poor" from the same source.

BACKGROUND MATERIAL

"Despite years of activity by civil rights groups and the existence of tough antidiscrimination laws, fair housing advocates in the metropolitan area report that a variety of factors continue to keep many minority group members out of the single-family and two-family home market.

"The sharp rise in the cost of homes, for example, and the adoption by many suburban jurisdictions of land-use regulations that prevent the construction of middle-income housing adversely affect black prospective home buyers more severely than whites. Blacks also face special problems in obtaining mortgages. Loans insured by the Federal Housing Administration, which can go up to $33,000 for a single-family home, require only minimal down payments. But such mortgages are inconvenient for the seller, who therefore prefers to deal with a buyer using a conventional mortgage. And blacks applying for conventional mortgages are said to be subject to more stringent credit checks than whites are."

Mandelbaum, Joel, "Race Discrimination in Home Buying Resists Tough Laws," The New York Times, December 3, 1972, Section 8.

THE FOUR C's WHICH MAKE A CONTRACT LEGALLY BINDING ARE

1. Consent
2. Capacity
3. Conformance
4. Consideration.

. Consent - This consists of an offer and the acceptance of the offer, which must be made willingly and without fear or threat.	. Have the students make a list of all the contracts they have made over the past week. . Taking each contract in turn, have them determine which party was the offeror and which the offeree. Was there mutual assent, and was it made freely? How might this situation be changed so that the element of consent is lacking?	. Roget's Thesaurus . Mutual Assent - "A meeting of the minds; consent," "Ballentine's Law Dictionary," p. 825 . Meeting of the minds - "The mutual assent of the parties on all the essential elements or terms of a contract," Ibid., p. 789

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The offer - For a proposal to be considered an offer, it must be - definite	. Try to think of examples of offers which were obviously made in jest or anger and which therefore would not reasonably constitute an offer, such as a student kicking his motorcycle because it won't run and stating "This thing has given me nothing but trouble! You can have it for two bucks!"	. "What Everyone Should Know About Law," A Scriptographic Booklet, 1970, Channing Bete Co., Greenfield, Mass. . "The owner of the Campus Inn offered to employ Mudge as a soda jerk and to pay as a salary 'all the business would justify.' This offer was not sufficiently definite, and the courts would not enforce it," "Applied Business Law," Fisk and Snapp, South-Western Publishing Co., Cincinnati, Ohio, 1966, p. 52
- serious - communicated.		. R. J., Fiala, "How to Teach Business Law," J. Weston Walch, Publisher, Portland, Maine, 1965, p. 66
. "Invitations to trade" are not considered offers. These include advertisements such as those found in store windows, newspaper ads, form letters, etc. The offer is made by the retailer in these cases, and it is the customer who accepts.	. Ask students to cut out advertisements from local newspapers and discuss the ads. Should they be considered offers? Why? Why not? . Consider the problem a retailer could have when he advertises a tape deck at half price, when he has a stock of only 50 — and 100 customers show up! Why must his ad be considered an "invitation to buy" and not an offer?	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The acceptance is a word or an act indicating acceptance.		
. Contracts cannot be made so that silence will be considered acceptance.	. Have students volunteer examples where silence might be considered acceptance, such as, "If I don't hear from you in 3 days, I will understand that you have bought my stereo for $50." Why can't this be considered binding?	
. Sometimes there is no consent because one party takes unfair advantage of the other through the use of force or fraud. These agreements are defective and not enforceable.		
. Undue influence occurs when someone uses his special relationship and influence to persuade someone else to enter into a contract. The special relationship may include - parent and child - guardian and ward - attorney and client - physician and patient - relationships involving trust and confidence.	. Have students act out a situation in which a doctor convinces a sickly patient to turn over his stock to him for safekeeping. . Ask students to think of and relate other examples of undue influence, using experiences they or their families or friends have had or have read about, or seen on television.	. Relatives . Friends

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Duress - This is the use of force to compel a person to enter into a contract.	. Have students research cases in the school library or discuss cases in movies in which duress was involved. Relate cases to the class for discussion. . Have each student summarize an article in a current newspaper relating to some form of duress. Discuss in class.	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Competent - Sometimes people are just not capable of using good judgment. In these cases, it is possible for them to enter into contracts which are not binding.	. Students may agree that insane persons should be protected, but debate: "Intoxicated people should be held responsible for their actions and not receive any special benefits from the law."	. "Some examples in regard to competent persons — - A person who cannot read is bound by a contract if it has been read to him and is understood by him before signing. - A person who cannot read or write, but who signs a contract with an "X" or other symbol is bound by the contract if it has been read to him and if he understands it. - Generally, a person who has made a contract while a minor may repudiate or affirm the contract when he becomes of age, but failure to repudiate it generally makes the contract binding." "Applied Business Law," Fisk & Snapp
. People who are intoxicated or insane are not bound except for necessaries.		. "Ganz, while intoxicated, sold his watch, worth $80, to Tilford, for $10. The next day Ganz requested Tilford to return the watch to him, offering to give back the $10 that he had received for it. Tilford must return the watch to Ganz. Ganz was incapable of exercising judgment at the time he sold the watch to Tilford. A valid contract, therefore, did not result." "Essentials of American Business Law," 2nd ed.,

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		Robert R. Rosenberg, Gregg Pub. Co., New York, 1955, pp. 29, 30
		. "Chaucer, an adult who had the intelligence of a nine-year-old child, entered a store and ordered a suit of clothes. When the suit was delivered, he said that he did not want it and refused to accept it. The merchant knew of Chaucer's mental condition but claimed that he considered clothing to be necessaries and believed that Chaucer was, therefore, liable for the contract price, which was for a reasonable amount. If it could be shown that Chaucer was already well supplied with clothing, he would not have to accept or pay for the suit." Ibid., p. 30
. Minors are protected and may avoid (get out of) most contracts which they make with an adult. These are called voidable contracts.	. Select two students to visit a local used car dealer and have them ask about and relate to the class the dealer's knowledge of the law as it applies to his experience with minors.	. "Walter Hand, aged seventeen, paid $45 for a bicycle. A short time later he returned the bicycle and demanded the return of his money. The dealer must return the $45. The law protects the minor in his contracts with adults on the ground that the minor does not understand the consequences of his acts." Ibid., p. 33

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. "Richard Marks, eighteen years old and large for his age, bought a typewriter for $100. At the time of the purchase, he told the dealer that he was twenty-two years old. He used the typewriter three months; then returned it to the dealer and demanded the return of his money. "Held, that the dealer must return the money to Richard even though he did not know that he was dealing with a minor. Richard, despite the false representation as to his age, may set up infancy as a defense and may avoid the contract. The dealer, however, may sue Richard on the charge of fraud and recover for any damages that he suffered." Ibid., p. 35
. In most states, a minor is someone who has not reached his or her 21st birthday (the age of majority).	. Discuss: What should be the age of majority? If students consider 21 is not logical, why do they feel the age should be lower? Do they feel one age (18, 19, 20, 21) should be standardized throughout the U.S.? . Do the boys feel they are being discriminated against in those states which give girls only a majority at 18?	. The age of majority in Kentucky is 18, in Alaska is 19, in Hawaii is 20, and in the following states, 18 is the age of majority <u>for females only</u>: - Arkansas - South Dakota - Idaho - Illinois - Montana - Utah - Nevada - North Dakota - Oklahoma "Applied Business Law," Fisk and Snapp

INFANCY IS A SHIELD AND NOT A SWORD

"This is the year 1973. For the past several years, teenagers have been flouting that ancient, but venerable legal maxim, 'Infancy is a shield and not a sword.'

"To be specific, high school students have been taking advantage of their legal position. They have been returning to the sellers such things as chewed gum, worn out sneakers, model cars made when they were 10, dead goldfish, stereo sets without tubes, old toothbrushes, and many other small and large items too horrible to mention.

"As a result of this teenage attempt to bring economic ruin to the businessman of the United States, the American Bar Association has made a series of proposals to the Legislatures of all 50 states, as follows:

1. That minors of both sexes shall be forbidden to make any contractual agreements whatsoever. (This includes every purchase of goods or services, such as buying food, riding public transportation, working, marrying, babysitting, etc.)
2. That every person over the age of 15 shall carry an identification card issued by the State, and showing a picture, the true age, and the physical description of that person. This card shall then be presented by each party to a contract before that contract can be entered into.
3. That it shall be a misdemeanor to violate either proposal 1 or 2. The punishment for the violation of either of these proposals shall be a fine of $1,000 and/or six months in the county jail.

"Before considering these proposals, the legislative body of your state has decided to sample the feelings of teenagers and certain adults. They have asked that all minors affected by these proposals submit an essay setting forth their views and those of their parents (an adult friend will do) on these proposals.

"It is suggested that each point should be considered separately, and your views and those of your parents should be set forth in the light of legal, social, economic, and humanitarian ideas and ideals. The essay should be from 500 to 1,000 words in length.

"Much is at stake for the future of our country, the legislature feels, and they urge that the student write as strongly worded an opinion as possible."

R. J. Fiala, "How To Teach Business Law," J. Weston Walch, Publisher, Portland, Maine, p. 64.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Debate: There is a moral obligation on the part of the minor to uphold his part of a contract, even when he can legally avoid the contract.	. "Harvey Nelson, a minor, who was employed as a drug clerk at $30 a week, purchased a moving-picture camera for $120. The camera would be considered a luxury, even if Harvey did not already have one. He would not, therefore, be bound by the contract. His means, income, and station in life would be used as bases in determining whether the camera was a necessity or a luxury. It is not reasonable to suppose that so expensive an article is necessary to the well-being of a $30-a-week Clerk." "Applied Business Law," p. 33
. There are some contracts, however, which a minor may not avoid. For example - those entered into after the age of 18 for equipment or supplies to be used in the minor's own business. - contracts for necessaries. Necessaries are food, medical care, clothes, and shelter. (Jewelry, sporting equipment, and liquor are not considered necessaries.)	. Discuss the legal consequences involved in a contract made between two minors; also the moral responsibility. . Write on chalkboard: "Minority is a shield, not a sword." Discuss the meaning of this quotation with students. . Duplicate and distribute copies of "Infancy Is a Shield and Not a Sword" (on previous page) for use in this discussion.	

BACKGROUND MATERIAL

"The special rights of a minor are given him as a protection against people who might take unfair advantage of his youth and inexperience. It is only fair, then that minors not take advantage of honest dealers.

"If a minor plans to disaffirm a contract, he should do so promptly. Delay after one reaches his majority will result in ratification of the contract.

"When one deals with a minor and he wishes to be sure of the minor's performance, he should obtain an adult's signature on the contract." Ibid.,p. 48

"John Murray, a minor who had sprained an ankle, visited a doctor to have it treated and bandaged. When the doctor gave him a bill for his services, John refused to pay it. He claimed that, because he was under age, he was not liable. John was wrong. The medical services that he received were necessaries for which he was liable for a reasonable amount." American Business Law, p. 32

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Conform - Contracts must not be illegal or contrary to the interests of society. It is illegal to - commit a crime - gamble, wager, or engage in a lottery (unless otherwise provided by statute) - charge usurious interest (loan-sharking).	. List reasons why it would be in the interests of consumers for the state to void contracts which are illegal or contrary to the interests of society.	
	. Discuss the exemptions in New York State, such as Off Track Betting, the New York State Lottery, etc. Include in your discussion the morality of any gambling and its effect on the family.	
	. Prepare a chart showing legal interest rates.	. Usury - "An unlawful contract upon the loan of money to receive the same money again with exorbitant increase." "Ballentine's Law Dictionary"
	. Have students check the "best deal" for a car loan. Have them ask several local banks what rate of interest is charged for a loan of $1,000. Is this the amount actually received, or is it discounted first? Are life insurance and accident insurance included in loan payments?	. Local bank . Local loan company . "Credit and the Consumer," The University of the State of New York, State Education Department, Bureau of Secondary Curriculum Development, Albany, N.Y. 12224
	. Compare bank rates with finance company loans on small amounts. Check these rates with those charged by credit unions.	. Local credit union
	. Have students check and report on the meaning of - discounted loans	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	- true interest rate - disclosure as required by the Truth-in-Lending Law.	. "Truth in Lending/ What it Means for Consumer Credit," pamphlet published by the Federal Reserve Bank of Philadelphia, Public Information Department, Philadelphia, Pa. 19101
	. Have students add all of the above terms to the glossary already started.	
	. Is a full disclosure provided for in mortgage loans? Why?	
	. Have students go to a bank and find out how much interest is paid on a conventional loan of $1,000 for 30 years at 6 percent.	
	. Assign the Library Committee to obtain information on loan-sharking. Have the class add this term to glossary.	. "Wright was desperately in need of money to pay the hospital so that he could bring his wife and baby home. Because he had nothing to use as security for the loan and had established no credit, Wright was forced to borrow the money from a loan shark. He borrowed $500 and promised to repay it in 12 monthly installments of $60 each. Was this agreement legal?" "Applied Business Law," p. 79

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
- deal without a required license.	. On chalkboard, have students list services which they feel should be licensed, such as TV repairmen, mechanics, etc., who are not now licensed.	. License - "The privilege conferred by a public body on a person for the doing of something which otherwise he would not have the right to do," "Ballentine's Law Dictionary," p. 736
	. Have students check with local mayor or town supervisor to learn if such licensing is contemplated in the near future.	. Local mayor, supervisor
. Consideration - This is the "glue that binds the promise." It is what you must do in return for the other party's promise. It may be - a return promise - an act (returning a lost watch for the reward) - forebearance (refraining from doing something which you have a right to do).	. Divide the chalkboard into three parts, one for each type of consideration, and list examples volunteered by the class.	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
CONTRACTS – REMEMBER, SOME MUST BE IN WRITING.		

. Some contracts must be in writing. They are - contracts for amounts over $500 - contracts for real property (This includes land, buildings, trees, or minerals).	. Have students think of and give examples of contracts, in addition to those given. Have class discussion on why these contracts are so important to the consumer. . Why must certain contracts be in writing while others need not be?	. "Corwin contracted orally with Bowie for the purchase of a tract of land for $3,500. Bowie later changed his mind and refused to sell the land, claiming that a binding contract had never been made because the agreement was not in writing. Corwin sued and offered in evidence the testimony of several people

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		who had been present at the time that the agreement was made. It was held that Bowie was right. A valid, enforceable contract had never been made because, under the Statute of Frauds, a contract for the sale of real estate must be in writing. Even a hundred reputable witnesses would not make valid an oral agreement that, under the law, should be in writing." "American Business Law," p. 86
	. Have Speaker's Bureau invite the local district attorney to discuss with the class the importance of the Statute of Frauds to consumers.	. Local district attorney
	. Have students prepare pertinent questions in advance, such as: - Why do we need the Statute of Frauds? (What's in it for me?) - Where did it start? - How does it help the consumer?	
- contracts in which a party promises to answer for the debt, default, or obligation of another.		. "Scott, who was well known to Carroll, a retail merchant, told Carroll that, if he would sell goods to Armond, he (Scott) would pay the bill if Armond failed to pay it. After receiving this promise from Scott, Carroll sold $125 worth of merchandise to Armond.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		When Armond failed to pay, Carroll requested Scott to do so. Scott refused, and Carroll sued him on the basis of his promise. Scott does not have to pay. A promise to be personally responsible in case another fails to pay a debt must be in writing." Ibid., p. 87
- contracts which require more than 1 year to complete. For example, a contract to support a 10-year-old child until he reaches his majority must be in writing.		

A CONTRACT?

THIS AGREEMENT is made on September 11, 19--, between Guthrie Simmons, party of the first part, and Sidney St. Claire, party of the second part.

The party of the first part agrees to paint the house of the party of the second part, at 4 Woodhollow Road. In consideration of which the party of the second part agrees to pay the party of the first part $2,000 upon satisfactory completion of the work.

_____

_____

. Read the above agreement to the class and ask the students to respond to the following questions:
- Do you think this contract satisfies the Statute of Frauds?
- If it were your house, would you be satisfied with the wording?

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE

- Is there enough detail, such as,
  - Does the painting include trim?
  - the garage?

. Would you want to include the following information?
- What quality paint is to be used?
- What color?
- How many coats?
- Is there a guarantee against fading?
- Would you want to set a completion date?
- Who decides "satisfactory completion"?
- What else should be included?

. Reword the contract to be suitable to you as a consumer and fair to the contractor.

. Would you sign a completion slip before the job was done? Why? Why not?

THE ESSENTIALS OF A WRITTEN CONTRACT ARE

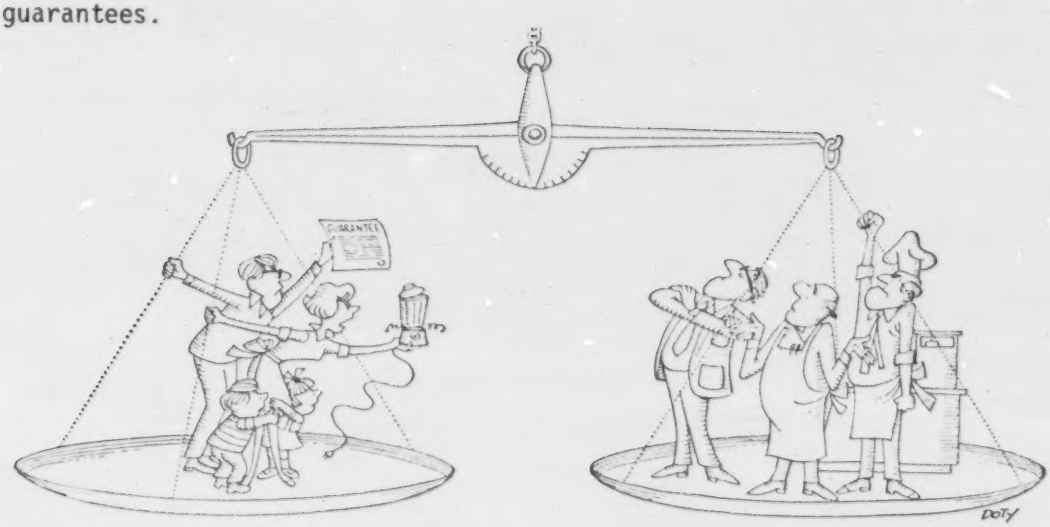
1. The date and place of the agreement
2. The names and the identifications of the parties entering into the agreement
3. A statement of the purposes of the contract
4. A statement of the money, the services, or the goods given in consideration of the agreement (an act to be performed, refraining from any act, or the relinquishing of a privilege by a party are also considerations)
5. The signatures of both parties or the signature of legal agents
6. In the case of some contracts witnesses are required, and in such cases the witnesses must sign in accordance with the provisions of the law.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Parol evidence rule: Once a contract has been reduced to writing, its terms cannot be changed or added to, by oral evidence.		. Applied Business Law
	. Mrs. Virginia Knauer, Special Assistant to the President for Consumer Affairs, has been quoted as saying, "The large print giveth, and the small print taketh away!"	
	. Ask the class to volunteer examples of how this may be true in regard to advertising and product warranties. Examples should be taken from actual contracts brought to class by the students, if possible, or cases or situations which the students create themselves.	
	. Have the Speaker's Bureau invite an attorney to speak about the rights and responsibilities of minors. Invite other classes to participate with yours, perhaps in the school auditorium.	. Local office of the American Bar Association or State Bar Association
WHAT DOES THE SELLER PROMISE?		
. In return for the consumer's payment, the seller promises to provide certain goods or services.	. Show film "The Owl Who Gave a Hoot." This is a 15-minute color film in 8, 16, and 35 mm., featuring cartoon animals which bring to life the problems of low-income consumers. It also alerts them to their rights.	. Available on free loan from Modern Talking Picture Service, Inc., 2323 New Hyde Park Road, Long Island, N. Y. 11040

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The seller may also make a statement regarding the way his product or service will perform or the way it will look; or he may make other factual statements regarding the goods, upon which the buyer relies. These promises are called express warranties and become part of the agreement with the buyer.	. Have students write to the Department of Consumer Affairs to get copies of "Consumer Protection Check List."	. Copy of this list is available from New York City Department of Consumer Affairs, 80 Lafayette Street, New York, N. Y. 10013.
. If the contract is in writing, the express warranty must be included as part of the contract.	. Divide the class into groups of four or five. Have a group visit - a local department store - an appliance center - a furniture store - a music center.	. The Major Appliance Consumer Action Panel, in its "Report to Consumers," May 1972 edition, made recommendations to the consumer under "Warranty Study" on page 10. Copies are available from MACAP, 20 North Wacker Drive, Chicago, Ill. 60606.
. Express warranties are sometimes referred to as guarantees.	. Have students copy the labels and guarantees from various items. The committees should then report to the class on whether they were able to understand the guarantees. How could they be better worded for consumer protection?	"Warranties and Guarantees — Who's Protected?" Consumer Facts, one of a series of pamphlets on consumer topics prepared by the Education Department, Credit Union National Association, Inc., Box 431, Madison, Wis. 53701.
	. For each item, list - the protection given - the length of time for which the protection is given - who is to honor the warranty - where the warranty is to be honored.	. In "Fundamentals of Selling," John W. Wingate and Carroll A. Nolan listed the following "Information for a Warranty" on page 551, South-Western Publishing Co., New Rochelle, N. Y.
	. Discuss the value of the warranties to prospective buyers.	
	. Have each student select an item which he plans to buy in the next few weeks, such as - a jacket - a tape deck, etc.	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. On the chalkboard, list questions which he, as a cautious consumer, might ask himself about the guarantee and warranty of each article being considered for purchase.	. "Information for a Warranty ✓ Who is making the warranty (manufacturer, wholesaler, or retailer) ✓ Whether the warranty applies to the entire product or only to parts of it ✓ How the transaction of repair or replacement will be handled in case of unsatisfactory merchandise ✓ Who is to pay for transportation and labor charges in replacing a part ✓ Whether the replacement is to be valued at the price the customer paid for the product or at a higher replacement price (where the allowance under a warranty varies with the amount of use before failure, as with tires). Express warranties should not simply be delivered orally; they should be printed on labels or leaflets accompanying the goods. Consumers Union recently set down these points as information that should be included in every warranty." . "Guaranteed" is one of a series of guidelines distributed in poster form under the title "Be A Cautious Consumer," available from Mrs. Thelma Lichtblau,

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		Consumer Education Specialist, Office of the Attorney General, 80 Centre Street, New York, N. Y.
		. Roger R. Morris, "Teach Survival in the Sales Jungle," American Education, U.S. Department of Health, Education, and Welfare, Washington, D.C., April 1971
. There are various degrees and qualifications of guarantees, ranging from unconditional guarantees to worthless guarantees.		



Cartoon from Consumer Reports, Consumers Union, Mount Vernon, N. Y., October 1971, "Buyer vs. Seller in Small Claims Court."

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Unconditional guarantees — The consumer may expect replacement or repair, or to have the full purchase price refunded.	. Assign students to contact local merchants to learn which items are unconditionally guaranteed. . Relate to class any information obtained from the dealers, such as - how many items are returned - is it profitable for a seller to offer an unconditional guarantee, especially with an item which may easily be broken? - how does the merchant avoid the return of these items?	. "Unconditional Guarantees," FTC News Summary, No. 17, August 16-31, 1972, Washington, D.C. 20580 . Local merchants
. The same rule applies to products sold simply as "guaranteed."		
. Pro rata guarantees — The costs for parts or labor are shared by the seller and the consumer.	. Have a class committee contact the school auto shop teacher or a local auto parts store manager. Invite him to explain to the class pro rata guarantees on batteries and tires.	. Local auto parts dealer . High school shop teacher

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Is the following tire guarantee unconditional or pro rata? (left half of page)	. The following is an example of a pro rata guarantee: (right half of page)

TIRES

Tires are covered by the tire manufacturer's guarantee. While the guarantees of the various tire manufacturers vary in language, they provide in general that passenger car tires installed as original equipment at the factory are guaranteed to the owner to be free from defects in material and workmanship for the life of the original tread, as follows:

The tire manufacturer will, at its option, repair the tire without charge or make a pro rata allowance based on the amount of wear on the original tread toward the purchase of a new tire at the tire manufacturer's current Adjustment Base Price for any tire which is found by the tire manufacturer to be defective. Transportation costs and taxes must be paid by the owner and service charges may be made in some instances.

In addition, during the life of the original tread of the tire, passenger car tires are also guaranteed to the original purchaser in normal passenger car use against road hazard occurrences such as fabric breaks, cuts, bruises and snags, which in the opinion of the tire manufacturer, render the tire unserviceable. Damage from punctures, running flat, fire, wrecks, chain cuts, irregular wear, abuse, etc. are not covered. Adjustments under the road hazard guarantee are made in the same manner as those under the basic guarantee.

The above described tire guarantees are the only ones issued by the tire manufacturers, and they specifically provide that consequential damages are not covered by the guarantees.

Any authorized Chevrolet dealer will assist you in requesting an adjustment if this becomes necessary. For the added convenience of owners, many Chevrolet dealers are equipped to handle tire warranty adjustments on tires provided by Chevrolet on 1973 Chevrolet cars.

NOTE: If your car is equipped with steel belted radial tires, refer to the separate warranty information.

DELCO ENERGIZER (BATTERY)

If the Delco Energizer in your car should fail under normal service due to a defect in material or workmanship after the 12-month, 12,000-mile New Vehicle Warranty expires, but before the car has been in operation 36 months, it can be replaced on a pro rata adjustment basis for a new Delco Energizer of equal capacity. The pro rata adjustment price of the new Energizer will be based on the number of months the original Energizer was in service commencing with the start of the New Vehicle Warranty. Contact an authorized Chevrolet or Delco Energizer dealer for further information on such adjustments.

The provisions of Delco Energizer service adjustments do not apply (A) to failure in service due to misuse, negligence or accident, including but not limited to improper installation, freezing, failure to have Energizer inspected regularly and filled with colorless, odorless drinking water when needed, use of electrolyte other than "battery grade" sulphuric acid solution of a specific gravity recommended by Delco-Remy Division of General Motors Corporation, or (B) to costs for recharging the Energizer or for the use of a rental Energizer.

Delco Energizer Dealer Use This Side

DELCO ENERGIZER SERVICE ADJUSTMENT CERTIFICATE

Owner's Name .....
Street .....
City ..... State .....
Energizer Number ..... Mileage .....
Vehicle Identification Number .....
Date Vehicle Purchased .....
Date Energizer Replaced .....
Owner's Signature .....
Energizer Dealer Name .....
City ..... State .....
Owner's Adjusted Cost of New Energizer $ .....
for ..... months.

(No charge if replaced within the 12-month, 12,000-mile coverage of the Chevrolet New Vehicle Warranty.)

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Worthless guarantees — "Guarantees" such as the following offer no protection to the consumer: - We guarantee this to be the finest razor you've ever seen! - Zinicone miracle cough lozenge - guaranteed to contain the miracle ingredient preventin Z-4! - See-Right Flawless, guaranteed to last and last! - Guaranteed! - We guarantee this new turntable phonograph will sound like a million and give you hour after hour of enjoyment. That's Turn-Top's Double Guarantee!	. Student project: Have students pretend they are sales clerks and are asked by their boss to write a guarantee for a transistorized stereo phonograph. He further instructs them to "make it sound good, but don't say anything!" . Analyze ads from TV, newspapers,and billboards. - Determine what factual data are provided. - What additional information would be required to help make a sound buying choice? . Have the class rewrite the ads judged poor by the class and the teacher and send them to the manufacturer or retailer, asking them to consider including the recommended changes.	. "Here Are Some Interesting Ways to Learn More About the Right to be Informed," from The Right to be Informed, published by Changing Times Education Service, Washington, D.C., 1971 . Major Appliance Consumer Action Panel, 20 North Wacker Drive, Chicago, Ill. 60606 . The following article was written in defense of the advertising field and would be helpful to the students in rewriting poor ads. "A Critique of Consumerism," E. B. Weiss, Vice President and Director of Special Merchandising Service, Doyle, Dane, Beinbach, Inc., published by Doyle, Dane, Beinbach, Inc., in Advertising, 1967. . "The Youthful Consumer," New York Times School Weekly, March 1, 1971

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Survey local stores to learn - their policy concerning consumer complaints - Who handles complaints? - How many and what kinds of complaints do they generally receive? - How are they resolved?	. "Here Are Some Interesting Ways to Learn More About the Right to be Heard," The Right to be Heard, Changing Times Education Service, Washington, D.C., 1971 . Local merchants
	. Based on the information gained from the study of local stores, have the class create a model system for handling customer complaints.	
	. When completed, it might be distributed to these local merchants for reaction.	
	. Have students check with the local Chamber of Commerce and the local Better Business Bureau and ask: - Have they established any voluntary standards? - How are they enforced? - How are the consumers helped by these organizations?	. Chamber of Commerce . Better Business Bureau . The Right to be Heard, Changing Times Education Service, 1971
	What — and how much — information is given in answer to questions about specific businesses?	
	Is any action taken against members or nonmembers of these organizations who are guilty of unethical practices?	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. Consumer Education Bibliography, printed by the Office of Consumer Affairs and the New York Public Library, September 1971, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, $1. Teachers will find this bibliography useful, particularly in the "Consumer Classics" and "Consumer Protection" areas.
. New car warranty — This warranty will vary, depending upon the manufacturer and his desire to increase sales. . The warranty will list - the parts which come under the warranty - any limitations and conditions affecting the warranty - the purchaser's obligations - the seller's obligations . Some warranties will list those items not covered by the warranty.	. Have students secure copies of - American Motors warranty - Chrysler warranty . Compare with warranty shown on following page.	. "Car Warranties Paying Off," Consumer Action, New York State Department of Law, Vol. 11, No. 14, October 1970, copies available from Department of Consumer Fraud, 80 Centre Street, New York, N. Y. . A decision was handed down in the State Court of Appeals in Florida which, in effect, stated that the buyer of a new automobile has the right to expect it to perform properly and as represented by the dealer. The judge ruled that the purchaser has these rights when he answers the inducements made in "the tremendous advertising campaigns carried on by the automobile industry" and buys a new automobile.

1973 CHEVROLET NEW VEHICLE WARRANTY

WHAT IS WARRANTED AND FOR HOW LONG

Chevrolet (Chevrolet Motor Division, General Motors Corporation) warrants to the owner of each 1973 model Chevrolet passenger car (except Nova and Vega) that for a period of 12 months or 12,000 miles, whichever first occurs, it will repair any defective or malfunctioning part of the car—except tires which are warranted separately by the tire manufacturer. This warranty covers only repairs made necessary due to defects in material or workmanship, and needed service adjustments during the first 90 days of the warranty period.

The 12 month 12,000 mile warranty period shall begin on the date the car is delivered to the first retail purchaser or, if the car is first placed in service as a demonstrator or company car prior to sale at retail, on the date the car is first placed in such service.

WHAT IS NOT COVERED BY THE WARRANTY

This warranty does not cover:

1. Conditions resulting from misuse, negligence, alteration, accident, or lack of performance of required maintenance services;
2. The replacement of maintenance items (such as spark plugs, ignition points, positive crankcase ventilation valve, filters, brake and clutch linings) made in connection with normal maintenance services;
3. Loss of time, inconvenience, loss of use of the car or other consequential damages;
4. Any car on which the odometer mileage has been altered and the car's actual mileage cannot be readily determined; or
5. Any car registered and normally operated outside the United States or Canada. The warranty for these cars shall be that authorized for the country in which the car is registered and normally operated.

CHEVROLET'S OBLIGATIONS

1. Repairs qualifying under this warranty will be performed by any authorized Chevrolet dealer within a reasonable time following delivery of the car to the dealer's place of business.
2. During the first 90 days of the warranty period, any authorized Chevrolet dealer will make any needed service adjustments.
3. Chevrolet will pay the authorized Chevrolet dealer for any repairs or 90-day service adjustments under the warranty.

OWNER'S OBLIGATIONS

1. After the first 90 days of the warranty period, needed service adjustments referred to in item 2 of "Chevrolet's Obligations" are considered to be items of normal maintenance resulting from use and are to be paid for by the owner.
2. The car must be delivered to an authorized Chevrolet dealer's place of business during regular business hours for performance of warranty repairs, or service adjustments.
3. The owner is responsible for maintenance services which may be performed at the owner's option by any repair outlet regularly performing such srevices.

• • • •

This is the only express warranty applicable to 1973 model Chevrolet passenger cars and Chevrolet neither assumes nor authorizes anyone to assume for it any other obligation or liability in connection with such cars.

WHAT TO DO IF THERE IS A QUESTION REGARDING WARRANTY

The satisfaction and goodwill of owners of Chevrolet products are of primary concern to Chevrolet dealers and Chevrolet Motor Division. In the event a warranty matter is not handled to your satisfaction, the following steps are suggested:

1. Discuss the problem with your Chevrolet dealership management.
2. Contact the Chevrolet Zone Office closest to you as listed in the Chevrolet Owner's Manual.
3. Contact the Customer Services Manager at the address below.

CHEVROLET MOTOR DIVISION
GENERAL MOTORS CORPORATION
Detroit, Michigan 48202

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Puffing — Such statements are merely opinion, salesman's talk, an expression of value or judgments designed to influence the purchaser. Examples: - "This cloth will wear like iron!" - "Can't be beat!" - "Best on the market!"	. Give examples of puffing in the following fields: - real estate - dress store - auto parts shop - appliance dealer - butcher shop - hair stylist - used car dealer	. The following is an excerpt relating to puffing: "Hessler purchased a step ladder from a dealer who declared that it was 'strong,' would 'last a lifetime,' and that Hessler would 'never break it.' Relying on these statements, Hessler purchased the ladder. It broke, causing injury to Hessler." Such statements ... "are known as seller' talk or puffing. Buyers, as reasonable, prudent people, are not justified in relying upon such statements. They are not warranties." "Applied Business Law," Fisk and Snapp, pp. 216 and 217.
. There is no law against puffing.	. To do this, visit these various businesses and interview the most successful salesman. If possible, have a student who owns a tape recorder do the interviewing, so that the whole conversation can be played to the class, making it a "live" production.	
. Prudent consumers should not allow themselves to be influenced by puffing.	. Have several students write and conduct a demonstration of "Mirderm," a new and exciting complexion cream for acne, blackheads, warts, pimples, etc., containing many new ingredients, including SK-6, the skin beautifier. Puffing, of course, is allowed and recommended here for demonstration purposes!	
WHAT ARE IMPLIED WARRANTIES?		
. The merchant, whether he tells you or not, makes certain warranties about the goods he sells.		. "The Right to Safety," Changing Times Education Service, Washington, D.C., 1971

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Some of the warranties imposed by law are - Warranty of title — The consumer has the right to expect the merchant to own the goods he sells.	. Ask the students to give illustrative cases, true if possible, of parents, friends, and neighbors, who discovered after buying merchandise, that the merchandise was "hot," (not the property of the seller).	
	. What do you think would be the consequence if and when it was found that the merchandise was "hot"?	. The following example may prove helpful to the teacher in relating warranty of title to the students: "Rivera sold a tractor to Gomez for $500. Shortly after taking possession of the tractor, Gomez was forced to surrender it to the true owner. The tractor had been stolen from the owner and sold to Rivera who had no knowledge of the theft." According to Getz, Gomez may sue for breach of implied warranty of title. George Getz, "Business Law," Prentice-Hall, Englewood Cliffs, N. J., 1966, p. 167
	. Using the case in the Source column, without divulging the fact that Gomez might sue, ask the class - What rights they think the buyer should have? - Can he get his money back? - Does the car belong to him (Gomez)?	
	. Contact local police precinct in order to research cases in which the sellers of stolen cars have been apprehended and the cars traced.	. Local police precinct
	. Report back to the class.	
- Warranty of fitness for a particular purpose — This warranty applies when the seller's skill and judgment are relied upon by the consumer in selecting goods. The	. Debate: In the absence of an express warranty, the seller's word is as good as the buyer's — and therefore the buyer has no recourse.	. "Applied Business Law," Fisk and Snapp, p. 219

caveat emptor

THE CONSUMER PROTECTION MONTHLY

VOLUME 2 NUMBER 1 MARCH 1972 CAVEAT EMPTOR—PUBLISHED MONTHLY

Edict of Louis XI, King of France
A.D. 1481

"Anyone who sells butter containing stones or other things (to add to the weight) will be put into our pillory, then said butter will be placed on his head until entirely melted by the sun. Dogs may lick him and people offend him with whatever defametory epithets they please without offense to God or King. If the sun is not warm enough, the accused will be exposed in the great hall of the gaol in front of a roaring fire, where everyone will see him."

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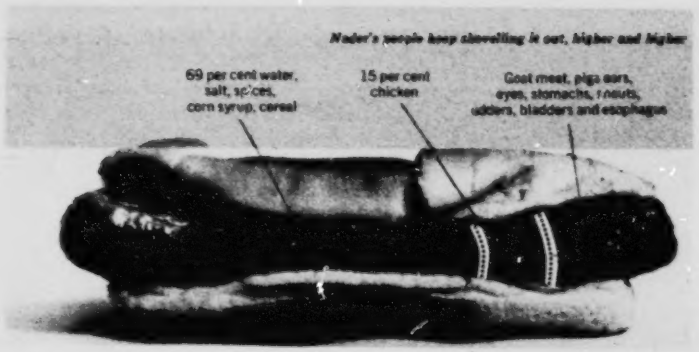
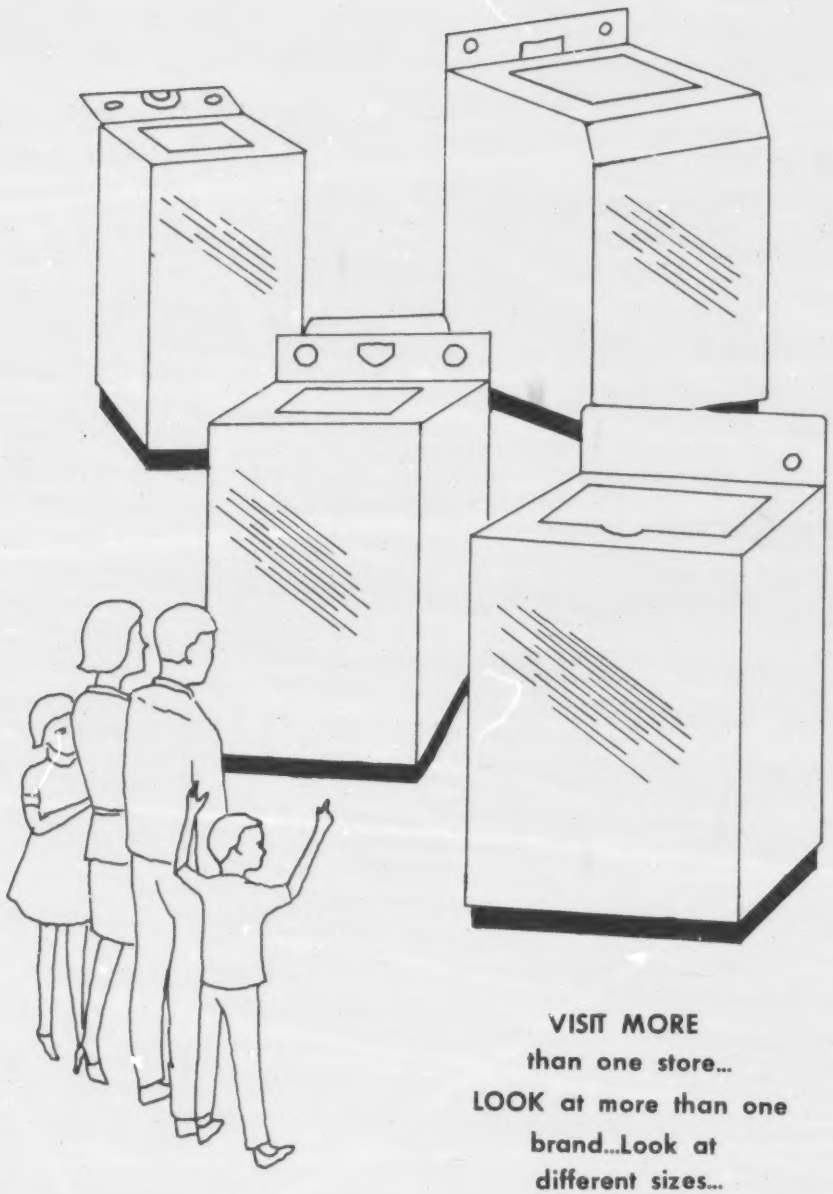
UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
consumer, however, must examine the goods. - Warranty of merchantability — The consumer may expect that the goods he buys will be fit for the purpose for which they are used. This warranty covers food sold for human consumption. It does not, however, include the sale of food at farm stands.	 The New York Times. . Organize two class committees to investigate food packaging. - Contact a local food producer and report to the class on the measures he is taking to insure that the food is fit for human consumption. - Contact the local Food and Drug Administration office and report to the class on what our government is doing to protect the consumer in this area. Find out and list which foods are not covered by Federal law. . Designate a committee to investigate labels on canned or packaged food. Return to class with label samples. Discuss their value to consumers.	. "Consumer Decision Making," Warmke, Wyllie, Sellers, South-Western Publishing Co., New Rochelle, N. Y., 1972, p. 105 . "Food Additives," Newsday, August 31, 1972 . "Hexachloraphene: FDA Temporizes on Brain-Damaging Chemical," Science, Vol. 174, November 19, 1971 . Uniform Commercial Code 2-314 . "In sales of articles for human consumption, the warranty of merchantability includes a warranty of fitness for use. This rule applies even though

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Have a class committee invite a science teacher to explain to the class the nature of some of the ingredients, such as - sorbic acid (a preservative) - calcium silicate (prevents caking). . Discuss the effect of these ingredients on our bodies. Are they "fit for use"? Include in this session the possibility of consumers eating apple pie made without apples, and ice cream made without milk or cream. . Debate: The food we eat determines what we are. . Have Speaker's Bureau, set up at beginning of term, invite a representative of the Food and Drug Administration to come to school to discuss adulteration of food.	the buyer may not depend upon the skill and judgment of the seller. The warranty is that the goods are wholesome." Example — "Without asking for any help, Clifton selected a can of pork and beans from the shelf of the Temple Market and paid for it. At lunch, while eating the pork and beans, he bit on a hard particle and broke a tooth. An inspection showed the particle to be a piece of gravel. Clifton would have a right of action for breach of the implied warranty that the food would be fit for human consumption." "Applied Business Law," p. 221 . Food and Drug Administration representative
DO THESE IMPLIED WARRANTIES ALWAYS PROTECT THE CONSUMER? . Although they are imposed upon the merchant by law, he may avoid his responsibilities - if wording such as "There are no warranties which extend beyond the description on the face hereof" is used; the warranty of fitness for a particular purpose would then be excluded.	. Have groups of three or four students visit local stores. . Look for "as is" merchandise. Examine it. . Consider and list some of the consequences to the consumer when purchasing this type of merchandise, such as - Is it worth the initial saving in money?	Local merchant

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	- How soon will the item have to be replaced? - Is it worth the inconvenience, if any, of repairing it? . Compare this situation with one where merchandise is not defective and has a good warranty.	
. Statements such as - as is - with all faults - or similar expressions exclude all implied warranties except the implied warranty of title.		The phrase "as is" "... means the goods are in the condition they are at the time of sale and that the buyer assumes responsibility for determining that condition unless local statute has changed that situation. The unreliable dealer hides the "as is" term in the contract and makes guarantees he will not live up to." "Facts You Should Know About Schemes," Better Business Bureau of Eastern Massachusetts, 1971, p. 3
CASH — IS IT THE ONLY WAY TO BUY?		
. Today's consumer thinks in terms of credit — not cash; that is, he wants to pay for the goods or services after they have been received. He is willing to pay extra in interest costs for the privilege of "instant gratification," of having immediate use of the goods or service.	. Using the chalkboard, have students list their purchases for the past month for - gasoline - clothing - records. By a show of hands, determine whether the purchases were cash or credit and indicate this next to each item.	. "The Responsible Consumer," Sidney Margolius, published by Public Affairs Committee, May 1971

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
WHAT ARE THE IMPORTANT TYPES AND TERMS OF INSTALLMENT CONTRACTS?	. Have the class list reasons why it is — or is not — better to purchase on credit.	
. Credit purchases generally require a signed contract, which spells out the rights and obligations of the buyer and the seller. One contract of this type is known as the installment contract (retail installment sales contract and security agreement). . Another is the charge account (retail credit agreement).	. Instruct committee to obtain the proper forms for credit purchases from - department stores - gas stations - general (such as Master Charge) - bank loan. . Compare and list the information required and terms of each. . How do they differ?	. Credit purchases are regulated by the Personal Property Law, Art. 10 and the Federal Truth-in-Lending Act. . "Understanding Truth in Lending," Small Business Administration, Washington, D.C., No. 139, November 1969 . Local banker . Local merchant . Local gas station owner
	. Show film "The Installment Contract."	. Film available from Visual Education Consultants, Madison, Wis. 53701, $3.50. Filmstrip, 35 mm., 18 frames, 7 minutes, color. This film explains the advantages and dangers of buying on the installment plan.
. Expensive purchases, such as - TV sets - automobiles - home appliances are usually paid for on the installment plan. This plan would provide for paying for the merchandise over a period of time — anywhere from 1 to 3 years — or more in the case of very expensive items.	. Debate: Installment buying is the best way to buy. . Have students visit local department store to price a brand name color TV set. Have them compare the cost of the set when bought on the installment plan, as opposed to withdrawing the necessary amount from a savings account.	. Local merchant



VISIT MORE
than one store...
LOOK at more than one
brand...Look at
different sizes...
Compare prices
Compare ratings by
consumer testing agencies
YOU WILL BE MORE SATISFIED AND SAVE MONEY

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The installment contract sets up the terms and conditions for paying the seller. . Some of the terms and conditions which must be included in this contract are - It must be dated and in writing. - It must have the words, "Retail Installment Contract" at the top and the bottom. - It must have a notice to the buyer - that he not sign the agreement if there are any blank spaces - that he is entitled to a completely filled in copy - that he has the right to pay in advance and secure a partial refund. - It must contain the names of the buyer and seller, the place of business of the seller, and the residence or place of business of the buyer. - It must contain a description of the services and goods being purchased. . The back of the Retail Instalment Sales Contract (often never seen by the buyer until after the sale) contains additional clauses.	. Relate the terms and conditions in the Understandings column to sample contract shown on page 52. . Have the class examine the terms on the reverse side of the contract found on the following page. Have the class explain in simple terms what the buyer is really agreeing to in signing the contract. If pupils have difficulty understanding the terms, ask a law teacher or attorney to explain them.	. "Your Rights and Responsibilities as a Consumer," Community Legal Assistance Office, 235 Broadway, Cambridge, Mass. . Personal Property Law, Art. 10, Sec. 402 — Retail Installment Sales Act

ADDITIONAL TERMS

1. Buyer agrees that, until he has paid the Total of Payments in Full:

(a) He will not misuse, secrete, sell, encumber, remove or otherwise dispose of the property, and will permit Seller to inspect same upon demand;

(b) Property will remain a chattel and will not be attached to realty as a fixture or otherwise; and,

(c) Any default under this contract by him, including failure to make any payment when due, may at Seller's option accelerate all remaining payments and Seller may repossess the property or proceed to recover judgement without repossession.

2. No transfer, renewal, extension, or assignment of this contract nor any loss, damage to or destruction of said property shall release Buyer from his obligation hereunder. Buyer will keep property insured at all times against risk of destruction or damage by fire and by perils commonly included within the definition of Extended Coverage or will indemnify Seller against loss from any such cause.

3. Buyer agrees to execute and deliver such documents as Seller may request to perfect as against third parties any rights created hereunder. Buyer hereby authorizes Seller to record said documents at such time and in such places as Seller may elect.

4. This contract may be assigned by the Seller as permitted by law, and if so assigned, the Assignee shall be entitled to all the rights and privileges of Seller hereunder. Any claims or defenses which the Buyer may have against the Seller shall not be affected by any such assignment.

5. If the merchandise or property sold hereunder is not delivered at the execution hereof, serial numbers and the due date of the first installment may be omitted herefrom and inserted by the Seller after signature by the Buyer.

6. Any subsequent sale of merchandise by Seller to Buyer while any portion of this contract remains unpaid, may be added on to the balance then due under this contract in conformity with applicable state law.

RETAIL INSTALMENT CONTRACT AND SECURITY AGREEMENT

(Merchandise) Date _____ , 19 ____

SELLER	BUYER
NAME _____	NAME _____
ADDRESS _____	NAME _____
CITY _____ STATE _____ ZIP _____	ADDRESS _____
SALESMAN _____	CITY _____ STATE _____ ZIP _____

INSURANCE

No Credit Life, Disability or Property Insurance is required for this transaction. If Insurance is desired, Buyer may choose the person through whom it is to be obtained. Seller, or his Assignee, will obtain insurance for the scheduled term of credit only as requested and at the cost indicated below which will be included in the Amount Financed. No charge will be made for insurance and none will be provided unless Buyer so requests by dating and signing the appropriate statement(s) below.

	LIFE. . . . $ _____	LIFE & DISABILITY . . . $ _____	CREDIT PROPERTY . $ _____	NO INSURANCE DESIRED
DATE	BUYER SIGNATURE	BUYER SIGNATURE	BUYER SIGNATURE	BUYER SIGNATURE

Details or requested credit insurance appear in Notice of Proposed Group Insurance on reverse side of Buyer's copy. Details of requested Credit Property Insurance appear in memorandum which will be furnished Buyer.

Buyer, jointly and severally (if more than one), hereby purchases from Seller on the terms and conditions set forth below the following described property:

DESCRIPTION OF PROPERTY	MANUFACTURER	MODEL NO.	SERIAL NO.	CASH SALE PRICE
				$
				$
				$

Sales Tax (if any) $ _____

Having been advised of the amount of the Cash Price and Deferred Payment Price, respectively, Buyer elects to purchase the property at the Deferred Payment Price specified herein and hereby promises to pay Seller, its successors or assigns, **a Total of Payments of $ _____ in ____ consecutive monthly instalments of $ _____ each (except the last which shall be the unpaid balance), beginning the _____ day of _____, 19__, and continuing on the same day of each succeeding month until fully paid, with interest after maturity at highest lawful contract rate of interest, if not prohibited by law,** payable at Seller's business address unless another place is designated in writing by Seller, its successors or assigns.

Buyer agrees that, until he has paid the Total of Payments in full: (a) Title to the property purchased by him shall remain in Seller or Assignee, as security for Buyer's obligation hereunder and under any subsequent retail instalment contract purchase added to or consolidated with this contract at Buyer's request; and (b) Seller or Assignee is loss payee under all insurance for which charges are made herein or which covers property sold hereunder as security for Buyer's obligation hereunder; and (c) In the event of default in payment of any instalment for more than 10 days, he will pay Seller a delinquency charge equal to the lesser of $5.00 or 5% of such instalment. Payments will be applied first to any accrued and unpaid delinquency charges and then to unpaid monthly instalments (or portions thereof) in the order of their maturity.

If Buyer fully prepays this obligation before maturity, he shall be entitled to a refund computed by the sum-of-digits (Rule of 78) method applied to stated insurance charges, if any, and Finance Charge stated herein (subject to retention of the minimum Finance Charge permitted by State Law); refund of unearned Credit Property Insurance Charge shall be computed on a pro-rata basis, subject to a $10 minimum retention.

1. Cash Price	$ _____
2. a. Cash Downpayment	$ _____
b. Trade-in _____ (Description)	$ _____
Total Downpayment (a + b)	$ _____
3. Unpaid Balance of Cash Price (1 – 2)	$ _____
4. Other Charges:	
a. Insurance (EXPIRES due date final instalment)	
Credit Life	$ _____
Credit Disability	$ _____
Credit Property	$ _____
(actual cash value - specified perils)	
Total Insurance Cost	$ _____
b. Official Fees	$ _____
Total Other Charges (a + b)	$ _____
5. Amount Financed (Unpaid Balance) [3 + 4]	$ _____
6. **FINANCE CHARGE**	$ _____
7. Total of Payments (5 + 6)	$ _____
8. Deferred Payment Price (1 + 4 + 6)	$ _____
9. **ANNUAL PERCENTAGE RATE**	_____ %
10. The Finance Charge applies from _____ , 19 ____	

BUYER HAS READ AND UNDERSTANDS ALL "ADDITIONAL TERMS" ON REVERSE SIDE HEREOF AND AGREES THEY ARE PART OF THIS CONTRACT AS THOUGH SET FORTH AT THIS POINT.

NOTICE TO THE BUYER: 1. Do not sign this agreement before you read it or if it contains any blank space. 2. You are entitled to a completely filled in copy of this agreement. 3. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the Finance Charge

BUYER ACKNOWLEDGES READING AND RECEIVING A COMPLETED, LEGIBLE, EXECUTED COPY OF THIS CONTRACT, AND IF A HOME SOLICITATION SALE, RECEIPT OF STATUTORY CANCELLATION NOTICE.

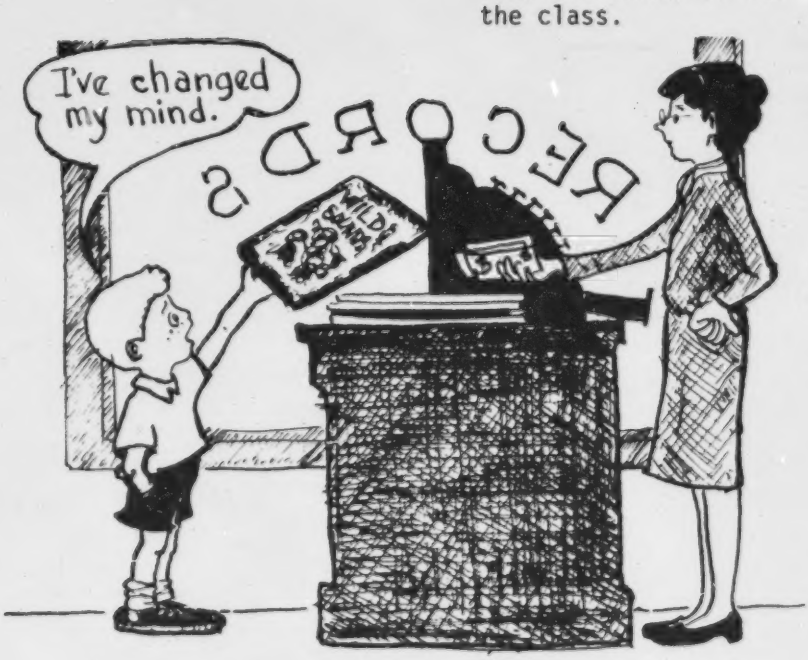
RETAIL INSTALMENT CONTRACT.

SELLER: _____ **BUYER:** _____

By _____ **BUYER:** _____

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. These clauses set forth the rights of the seller. - Any default, including failure to make a payment, may make all future payments due immediately. The seller may sue to secure the balance of the money or may repossess the item. - The seller may assign the contract to a third party, who is entitled to all the rights and privileges that the seller himself had had and possibly more. - One of the terms of the contract provides that the seller retains ownership until the goods are fully paid for. The consumer may use them, but does not own them.	. Ask pupils to gather examples of contracts that have been in default. Write up the circumstances of such cases and post on the bulletin board. What were the circumstances that led to default? How was the matter resolved? Is it fair that the merchant should be entitled to repossess articles? If he were not given the right,what protection would he have? . Display "Additional Terms" (page 51) using overhead projector. Discuss the meaning of these terms to consumers.	
WHAT OTHER PARTIES BESIDES THE BUYER AND THE SELLER MAY BE INVOLVED IN AN INSTALLMENT CONTRACT?		
. A cosigner — The cosigner guarantees payment in the event the buyer fails to pay. He is liable equally with the buyer.	. Have students enact a skit in which a 17-year-old boy has talked his mother into signing a contract to buy a car. She does. Four months later, the boy finds he can't meet the payments and wants to return the car to the dealer. However, since he has had a couple of minor accidents with the car, it has a few dents now that it didn't have originally.	. "How Can You Correct Your Credit Files?" by Peter Lindberg, Family Money Management . The following are excerpts taken from notes during an interview with Louis Milone, Jr., Assistant to the Commissioner for Consumer Affairs, Nassau County, New

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Have boy and dealer argue over the return, with the dealer refusing to take it back. The mother, in the meantime, has received notice from the finance company that the monthly payments must be made by her.	York, September 13, 1972 — "Creditor may go directly to original obligor or cosigner. Creditor may go to cosigner after default in payment. Creditor may go to cosigner after judgment against original obligor."
	. Since a minor can usually renounce a contract and be released from financial responsibility by returning the merchandise undamaged, would it be possible to return the damaged car, and pay for the damage only? Who should pay — the boy or his mother? Tabulate answers from the class.	. "A seller may be willing to extend credit to the buyer only if the buyer has someone else (usually a kind but foolish friend of the buyer) to sign the contract with him. This third person is called a co-signer." "New York City Consumer Protection Handbook," p. 25
		. "Family Money Management," "... If the merchandise is returned in damaged condition, the co-signer probably would be required to pay the damage. Thus, the co-signer may be liable for the damage and the loss in value of the item."



UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. A guarantor — A guarantor promises to pay only in the event the buyer cannot pay.	. Have class committee get definitions of - guarantor and - contract holder from law dictionaries.	. "Black's Law Dictionary"
. Contract holder — A contract holder is a financial institution to whom the seller assigns (transfers) the contract.	. Report back to class and have class add to glossary.	. "Business Law," p. 335
	. Have Speaker's Committee invite local banker to discuss guarantors and contract holders; also bank loans in general and student loans in particular.	. Local banker
	. Be ready to question him on - what the responsibilities are of each party - when payment must be made in both types of loans - what the interest rates are and how they differ.	
WHEN DOES A HOLDER GET INVOLVED AND HOW DOES THIS AFFECT THE CONSUMER?		
. The holder buys the contract from the seller at a discounted price.	. Have the class committee invite a local attorney, district attorney, or a member of the attorney general's office to discuss "the holder" (contract holder) in the due course doctrine and its effect on the innocent consumer.	. Local attorney . Local district attorney
. The seller gets most of the purchase price immediately by transferring the contract to someone else (the contract holder).		. Representative from the attorney general's office

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The contract holder collects the full amount from the consumer. . The contract holder's profit is the difference between what he paid the seller and the amount he will collect from the consumer. The buyer is notified of this transaction by a "Notice of Assignment," which he receives from the holder. . The buyer will also be notified to make his payments to the holder.	. Include in this discussion these topics: - Should the law be changed? - If the seller refuses to fix defective merchandise, can the consumer refuse to make any more payments? - What happens if the seller goes out of business and the consumer can't get his merchandise repaired or replaced? . Is this doctrine veiled fraud against the consumer?	. "Consumer Credit Guide for Buying on Time," available from Harry W. Albright, Jr., Superintendent of Banks, State of New York Banking Department, 100 Church Street, New York, N. Y. 10007. p. 8.

An example of a notice of assignment follows:

Dear Customer:

This is to notify you of the assignment to the assignee of your retail installment contract described above. We are happy to have your account with us and welcome any inquiries you may have.

NOTICE

1) If the within statement of your transaction with the seller is not correct in every respect
2) If the material or goods described in or in an enclosure with this notice have not been delivered to you by the seller, or are not now in your possession or
3) If the seller has not fully performed all his agreements with you, you must notify the assignee at the address indicated at the right, or in an enclosure with this notice within ten days from the date of the mailing of this notice; otherwise, you will have no right to assert against the assignee, any right of action or defense arising out of the sale which you might otherwise have against the seller.
4) Enclosed you will find your payment book. Payments are to be made as directed in this book.

Very truly yours,
EZ CREDIT COMPANY
Hempstead, New York
/s/ J. P. Friendly,
General Manager

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
WHAT HAPPENS IF THE GOODS ARE DIFFERENT FROM THOSE ORDERED?		
. The buyer may contact the seller to - have the goods picked up and the correct goods delivered - make an agreement with the seller to keep the goods delivered at a corrected price.	. Have class committee compose and send a letter to their State senator and their State assemblyman. . In each letter ask what the representative thinks of the "due course doctrine" from the points of view of both the seller and the buyer. . Does he think it should be changed? . Is there any proposed legislation in this area? . If so, what is his reaction to this legislation? . How would he vote on it?	. Uniform Commercial Code 2-711, 2-712 . "Business Law," Getz . State senator . State assemblyman . For names and addresses, contact local political parties' headquarters. . "New York City Consumer Protection Handbook" . "Your Rights and Responsibilities as a Consumer," published by the Community Legal Assistance Office, 235 Broadway, Cambridge, Mass., January 1970
. If the contract has been sold by the seller - the buyer must continue to make the payments to the holder in due course, if there is one (a holder in due course is one who has taken the contract innocently and has no knowledge of the transaction which preceded it). In most cases a holder is in fact a holder in due course. - do not stop payments; this could lead to repossession.		
. Any complaints which the buyer has against the seller do not apply to the holder in due course (financial institution), since he has bought the contract from the seller innocently. In other words, the guilt (if any) of the seller cannot be transferred to the financial institution.		

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
MUST THE CONSUMER CONTINUE TO PAY FOR DEFECTIVE GOODS?		
. Ordinarily, yes. However, there has been a trend in the law to treat relationships between the consumer, the financial institution (holder in due course), and the vendor differently from the relationship between two merchants. Therefore, the consumer may now assert defective merchandise as a means of obtaining satisfaction, should he be sued for the contract price. It is advisable to obtain the services of an attorney; however, if you seek recision and the amount sued for is under $500, the consumer should consider seeking help through the Small Claims Court.	. Ask the class to reflect on the procedure required for setting up shoddiness as a defense, as described in the Source column. . Have the class outline a possible alternative which would be in the best interests of the consumer. . Make a composite of those alternatives suggested and send a draft to the State senator contacted previously for his consideration.	. Personal Property Law, Sec. 403 (6) . To set up shoddiness as a defense requires - that the buyer withhold payment - that the buyer await the summons and complaint from the holder in due course for nonpayment - that the buyer go to court to prove shoddiness.
. Usually, by signing the contract, both parties expect to be bound. There are times, however, when a consumer, for a good reason, may be able to cancel a contract without any loss.	. List on the chalkboard as many valid reasons as possible why the consumer should be able to declare a contract for goods or services void, such as - misrepresentation - defective merchandise - high pressure sales tactics, etc. . Who should be the final judge?	. "While the average middle-class consumer finds his route through the market place strewn with defective goods, services and warranties, for instance, he or she rarely executes legal retribution." Thomas DeBaggio, "Legal Insurance," The Saturday Review, New York, October 1972, p. 45

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. What effect will these listed reasons have on future sales? on the law of contracts? . How may local, State, and Federal agencies help?	
WHAT OTHER RECENT TRENDS IN THE LAW PROVIDE FOR CONSUMER PROTECTION?		
. "Unconscionable" contracts — Sometimes a contract is so grossly unfair to one party that the courts may rule to void it. . More and more the courts are judging contracts on the basis of reasonableness and fairness. . Unconscionable contracts include those which call for - extremely high prices - or are the result of extreme misrepresentation. . They are prevalent especially where there is - a language barrier - and among the urban poor. Each case is judged on its own merits.	. Have Library Committee check meaning of unconscionable. Add this word to glossary. . Based on the information supplied by the Library Committee, have each student create a case in which unconscionable practices are involved. . Have students compare their interpretations of unconscionable with the sample case cited in the Source column. . Debate the morality of the statement: "Get as much as you can when you can." . Form groups of three or four students. Have them present sales pitches in which they are selling a motorcycle to a teenager.	. Uniform Commercial Code 2-302 . School library . In the "New York City Consumer Protection Handbook," the following was cited as an unconscionable case: "Case of Frostifresh v. Reynoso 52, Misc 2d 26, Modified 4 Misc. 2d 119 (Sup. Ct. Nassau 1967) "An English-language contract for a refrigerator-freezer for $1,145.88 including finance charge, was signed by Spanish purchasers and a Spanish salesman. "There were misrepresentations by the salesman that the buyers would not have to pay for the freezer because they would receive commissions on sales to their friends. The actual cost to the dealer for the refrigerator-freezer was $348. In its decision, the court held that the contract was unconscionable. The

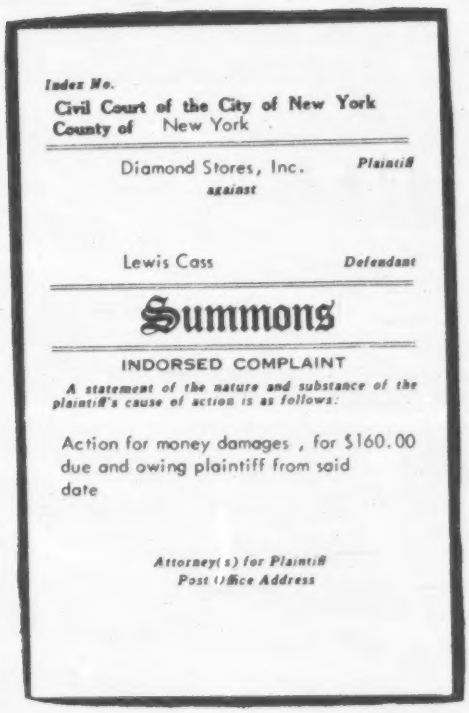
UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	Naturally, these sales techniques will be full of misrepresentations, but will result in sales contracts. Include as many of the faults of high pressure sales tactics as possible.	price to the buyer was about three times the cost of the appliance to the seller."
	. After each presentation, have class critique the methods used and each point of high pressure tactics involved.	. "...In determining reasonableness or fairness, the primary concern must be with the terms of the contract, considered in the light of the circumstances existing when the contract was made. The test is not simple, nor can it be mechanically applied. The terms are not to be considered 'in the light of the general commercial background and the commercial needs of the particular trade or case.' (UCC 2-302) Corbin suggested the test as being whether the terms are 'so extreme as to appear unconscionable according to the mores and business practices of the time and place.' We think this formulation correctly states the test to be applied in those cases where no meaningful choice was exercised upon entering the contract." Ibid., p. 46

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Door-to-door sales — It is generally recognized that resistance to the door-to-door salesman is low. This usually results from pressure sales tactics such as - fear - parental concern - desire to keep up with the Joneses - desire for self-improvement, etc.	. Enlist the help of the distributive education teacher and some of his students in the salesmanship class to put on a series of skits showing various pressure methods used by door-to-door salesmen. . Provide the prospective customer with a "basketful" of evasion tactics which may be used to avoid being sold. . Consider and list the emotions a salesman might try to arouse when selling the following products: - toiletries, such as face cream, etc. - encyclopedias - magazines	. Distributive education teacher . In a December 21, 1972, article, "Door to Door Gypsters Face New Crackdown with Old Law," by Leonard M. Groupe, the Long Island Press, noted that most of the door-to-door gypsters deal principally on credit, thereby requiring the use of the mails. As a result, Federal and State authorities will be watching them, and any salesman who "cheats you into signing up with him and then uses the mail to collect payments or to dun you for payments could wind up getting his mail in Leavenworth."
. The New York State Legislature recently passed a law provides for a 3-day cooling-off period, during which time the consumer can decide whether or not he really wants to go ahead with the purchase. If he decides against the purchase, he may cancel the contract. . To be able to cancel, the following would have to be true:	. Have committee interview a local vacuum cleaner salesman. From his point of view, what advantages are there to the cooling-off period - to him - to the consumer . How does it affect his business? . How does he advise the consumer of his rights under the law?	. "Suzie's Fight Time to Cool Off, The Right to be Hired," published by Changing Times, Washington, D.C., 1971, p. 17 . Local vacuum cleaner salesman . Personal Property Law 425

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
- The contract calls for four or more installment payments. - The purchase is for personal, family, or household goods.	. Debate: Caveat emptor should be replaced by caveat venditor in all consumer sales.	. Personal Property Law 425
WHAT HAPPENS TO THE CONSUMER IF HE CAN'T PAY?		
. He will receive a series of dunning letters. Usually they start in a friendly tone and end by threatening legal action.		. "Consumer Credit Guide For Buying on Time," p. 10
. He may be illegally - harrassed - threatened - intimidated.		. Penal Law Sec. 240.25, 240.30 (Harrassment is illegal.)
. He may have some of his income deducted before he ever sees it. . He may be brought to court to explain. . He may have some of his property sold to satisfy his creditors. . He may end up in jail. Family life may be disrupted as a consequence of these actions and create an even further problem to those involved and to society as a whole. . The poor and the uneducated are those who most often find themselves strapped with payments for things they felt they needed, or things they couldn't resist buying.	. Show film, "The Poor Pay More," based on an investigation of low-income neighborhood furniture dealers and food chains, food freezer pitchmen, and telephone companies. . Concealed cameras were used in ghetto areas in New York and San Francisco to make this film. . Have class consider and list ways in which the poor may help themselves to become better and more alert consumers.	. "The Poor Pay More" can be rented for $9.15 a week from National Education Television Film Service, Indiana University, Bloomington, Ind. 47405.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. In signing installment contracts, they simply don't consider - how much it will cost per month - how much they will be able to earn in the months to come - what their other needs may be.	. Poll class and list on chalkboard some of the items purchased by their families which have not been in use, but which were "such a necessity" at the time of purchase.	. "Poverty and Welfare," Robert Bennet and Thomas Newman, Justice in Urban America, Houghton Mifflin Co., Boston, 1969, p. 34
. No matter why the consumer bought the merchandise, the seller is still entitled to his money. If he is not paid voluntarily, he will find some means to collect. Securing a judgment is the first legal step. To do this, the seller (or contract holder) takes the buyer to court. He does this by notifying the buyer with a summons and complaint. After hearing both sides, the court will issue a judgment.	. Discuss how purchases such as these might affect the family budget.	. In his book, "The Dark Side of the Marketplace," Senator Magnuson stated the following: "These unscrupulous salesmen prey on the fears and insecurities of the poor, and how susceptible the poor are to such blandishments and threats. Decidedly, those who specialize in selling to the poor are astute students of the psychological and sociological implications of what it means to be impoverished in today's affluent society." A case in point is the one in which "...the salesman frightened countless ghetto residents into signing contracts for aluminum fronts for their houses, at prices as high as $4,000 and $5,000. The salesmen implied that if they did not "urban-renew," they would be "urban-removed."
		. Civil Practice Law and Rules Art. 3 - Jurisdiction and Service

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. CPLR Art. 5 - Venue . "Common Problems With Civil Law," You and the Law, Grolier Educational Corp., New York, 1970



Index No.

Civil Court of the City of New York
County of New York

Diamond Stores, Inc. *Plaintiff*
against

Lewis Cass *Defendant*

Summons

INDORSED COMPLAINT

A statement of the nature and substance of the plaintiff's cause of action is as follows:

Action for money damages , for $160.00 due and owing plaintiff from said date

Attorney(s) for Plaintiff
Post Office Address

. Present law allows the seller to bring suit for nonpayment in the county in which the company has its headquarters. This may be many miles from where the buyer lives.	. Under the heading "Merchant," list reasons why a suit for nonpayment should be brought in the county where he has his principal office. . Do the same under the heading "Consumer." . If you were the final arbitrator, how would you decide?	. "Governor Backs 9 Consumer Bills," The New York Times, February 5, 1973. In this article by James F. Clarity, it was noted that the Governor supports the measure which would "...limit the places where a creditor may sue a debtor in a consumer-credit transaction to the county where the consumer

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Once a judgment is entered in favor of the seller, garnishment of the buyer's salary or seizure of his assets may be resorted to by the seller in order to collect.		lives, or where he made the purchase." . Local attorney . Civil court clerk
. Garnishment — The most common means of enforcing a judgment is garnishment (income execution). This is a levy against earnings in which the employer is directed by the court to take a percentage of the buyer's weekly salary and pay this amount to the creditor. New York law provides this amount may not exceed 10 percent of earnings over $85. Sometimes this may not be successful because the buyer (now called the debtor) is not employed. In this case, the seller (now called the creditor) may - seize and sell certain of the debtor's personal property - or use the debtor's bank account to satisfy the debt.	. Have committee invite an attorney to speak to the class on - garnishment and - personal bankruptcy. . Have the Class Committee research these two areas by contacting the clerk at the local civil court and report back to the class. . Have the students write some of the consequences they feel would result from salary garnishment in the case of a recently married couple. Consider such things as - future purchases of appliances - future purchase of a car - future purchase of a home or - rental of an apartment. . From the viewpoint of a merchant, have class indicate what precautions might be taken to insure that you would not be stuck with a "deadbeat" who won't or can't pay.	. "Personal Property exempt from application to the satisfaction of money judgments." Among items exempt from application to the satisfaction of money judgments are these: - certain personal property of a woman or householder - family pictures, Bible, and school books - a seat or pew in a place of public worship - domestic animals - wearing apparel, household furniture, and cooking appliances and utensils necessary for a judgment debtor and his family - necessary working tools and implements to a value of $600

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Describe how it would be best to handle a customer who - misses one payment - misses two payments - misses three payments - just refuses to pay.	- certain income from trusts, earnings, and payments for wife support. Civil Practice Law and Rules 5231
	. Have Class Committee make arrangements to visit local civil court. Request that the administrative judge speak to the class about garnishment proceedings.	. Civil court judge . "New York City Consumer Protection Handbook," pp. 51, 52
. Default judgment – In major metropolitan areas it is not uncommon for the summons to be thrown into the sewer by the process serving agency. This practice has become known as "sewer service." If the summons and complaint is never delivered, the seller wins the case by default; and it means that the consumer has been deprived of due process and of his right to a day in court.	. Instruct committee to obtain copy of summons and complaint from local attorney. . Interview him to learn the usual procedure for having a summons delivered; if possible, tape this interview also. Tapes can be donated to school at term's end for use by students in the future. . What problems are encountered in the interview or in having the summons delivered? . Does he recommend any changes which would help the consumer? . Report back to the class and, with this information, have class recommend changes which they feel would be helpful to the consumer.	. "Governor Backs 9 Consumer Bills," The New York Times, February 5, 1973 . "The Year It Happened—1971," thesis prepared by Edward Thompson, J.S.C., administrative judge, The Civil Court of the City of New York, pp. 6 and 8 ."Your Rights and Responsibilities as a Consumer," p. 31

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Repossession — Depending upon how a contract is worded, if there is a default in payment, the seller may have a right to take the goods back — or repossess them. The merchandise may be kept by the seller as complete satisfaction of the contract, or the merchandise can be sold. The purpose of the sale is to give the buyer an opportunity to pay up the amount which was due at the time of the repossession. If, however, the buyer does not pay the amount due, and another person buys the merchandise, then this amount reduces the balance owed by the buyer. If there is anything left over after paying the costs of repossession and reasonable attorney's fees, it is given to the buyer. If money is still owed the seller, he may bring a suit against the buyer for the balance due, to obtain a deficiency judgment.	. Have class develop a skit in which an urban mother of four is unable to meet the next-to-last payment on a bedroom set. The store representative is at her home, trying to repossess the set. . Include in the skit - the fact that the father is in the hospital - the children need the set - the mother will try to make up the payment. . Add to this skit (or change it) any further information the students have learned from actual cases of repossession, from personal experiences, or from reading. . Ask the class to research and report on the procedure for repossession. . Contact local sheriff or district attorney for this information. . Have library committee check on definition of deficiency judgment and report back to class. . Have class add this term to glossary.	. "Consumer Credit Guide for Buying on Time," p. 10 . Uniform Commercial Code, Art. 9 . "Consumer Transaction — Repossession," tape prepared by Institute for Continuing Legal Education, Rutgers University; Eli Jarmel, director . Uniform Commercial Code, Art. 9 (compulsory sale if 60 percent of the item price has been paid) . Local sheriff . District attorney . "Black's Law Dictionary"

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Liquidated damages — Sometimes the amount of possible damages is agreed to in advance between the buyer and the seller and would be included as part of the contract. This amount is known as "liquidated damages." It means that if the buyer defaults on the contract, he must pay to the creditor the amount agreed upon. If the liquidated damages are too high, the courts will intervene and establish a fair amount.	. Have committee contact local attorney and obtain the wording used in a liquidated damages clause. . From the point of view of the consumer, ask the attorney for his evaluation of this clause. . Report back to the class and then compare this information with the case about a Queens firm, which is reported on page 72 of this module. . Creative project: Have the class compete for a prize for the best expression which cautions the consumer to read contracts carefully before signing them. Give as an example "Think before you ink!" . Submit the best expressions to the Better Business Bureau. . Debate: The law cannot always fully protect the consumer. He must assume a degree of responsibility himself.	. Local attorney . "New York City Consumer Protection Handbook," p. 38 . Uniform Commercial Code . "Teaching Outline for Consumer Education," Consumers Union, 256 Washington Street, Mt. Vernon, N. Y. 10550, April 1972, p. 15 . "Consumer Protection in the States," published by the Council of State Governments, Iron Works Pike, Lexington, Ky. 40505, December 1970, p. 18

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Other damages — If a consumer cancels an order without justification prior to delivery, the law sets the damages. These damages need not be part of the written contract. In New York State, the seller may keep 5 percent of the cash price or an amount not exceeding the down payment if the buyer cancels.	. Present to the class the following thesis: A high school graduate is applying to a business school for a course of study. The down payment given is $50. After making payment, the student's father is transferred to a distant state, necessitating a family move. The contract signed stated that the down payment was nonrefundable. How would the law apply in this case?	. New York State Home and Solicitation Sales Act, Sec. 429 of Personal Property Law
. Be alert to the following clauses which may be included in many types of contracts which you may enter as a consumer.		
. Wage assignment — At the time of signing an installment contract or a cash loan, the consumer may agree to sign a wage assignment. This would authorize that part of a consumer's salary be paid to the seller, in the event the consumer breaches the contract. The assignment provides for payment to the creditor, after judgment, for an amount up to 10 percent after the first $30 of earnings.	. When agreeing to a wage assignment, the consumer may feel confident that the assignment will never be implemented. Relate a case of a college student in this position, who suddenly finds he must pay hospital bills for his mother, as well as tuition. He cannot afford to have 10 percent deducted from his salary as a part-time law clerk. What recourse does he have?	. Personal Property Law, 46 C, E, F, 48, 48 A, B, C
	. Have students secure copies of wage assignments from local banks.	. Local bank

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Confession of judgment — The consumer may deprive himself of his right to a day in court by signing a "confession of judgment," which is an admission of liability made at the time of contract and prior to default. This means that the unpaid balance becomes due upon a payment not being met, and that the merchandise may be repossessed. This is incorporated in the contract — and one reason why you should "think before you ink!"		. "...notes which contain a confession of judgment have a 'proper and useful purpose in the commercial world,' stated Court Justice Blackman, in a unanimous opinion of the Supreme Court." "Teaching Outline for Consumer Education," 256 Washington Street, Mount Vernon, N. Y. 10550, April 1972, p. 15 . "Consumer Protection in the States," published by the Council of State Governments, Iron Works Pike, Lexington, Ky. 40505, December 1970, p. 18

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
HOW DOES TRUTH-IN-LENDING AFFECT INSTALLMENT BUYING?		
. It provides the consumer with three business days to reconsider a contract in which he has offered his home as security.	. Have committee write for copies of the pamphlet, "Truth-in-Lending, What It Means for Consumer Credit."	. Write for copies of pamphlet mentioned in Activities column. Pamphlet printed for the Federal Reserve Bank of Philadelphia, Public Information Department, Philadelphia, Pa. 19101
. This law requires the lender to inform the buyer of this fact in writing.	. Outline its major provisions for the class.	
	. Have Library Committee check law dictionary for definition of "recision."	. New York State has a similar law relating to recision.
	. "A man's home is his castle." This law protects that castle, but what laws might protect the consumer in relation to his - health - job - family.	. "Black's Law Dictionary"
. This law also provides that the creditor must supply the consumer with information on finance charges and interest.	. Some suggestions might pertain to - competitive prices on the filling of teeth - one doctor for every 1,000 people, etc.	. Sidney Margolius, "The Responsible Consumer," published by the Public Affairs Committee, 1971, p. 8

See notice to buyer which follows. Taken from "New York City Consumer Protection Handbook," this law relates to the buyer who puts up his home as collateral.

Notice to customer required by Federal law:

You have entered into a transaction on (date) which may result in a lien, mortgage, or other security interest on your home. You have a legal right under Federal law to cancel this transaction, if you desire to do so, without any penalty or obligation within three business days from the above date or any later date on which all material disclosures required under the Truth in Lending Act have been given to you. If you so cancel the transaction, any lien, mortgage, or other security interest on your home arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction, you may do so by notifying (Name of creditor) at (Address of creditor's place of business) by mail or telegram sent not later than midnight of (date). You may also use any other form of written notice identifying the transaction if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby cancel this transaction

(date) (customer's signature)

The following true case illustrates some of the points just mentioned in this section:

- high pressure door-to-door sales
- unconscionable contracts
- liquidated damages
- default judgments

Fortunately, through the efforts of Attorney General Lefkowitz and Civil Court Administrative Judge Thompson, the consumers involved did have their day in court. (Excerpt from "Report of Bureau of Consumer Frauds and Protection, Department of Law - State of New York," 1969, Louis J. Lefkowitz, attorney general.)

"A Queens firm and its principal officers were defendants in an action instituted by the Bureau in the Supreme Court. These persons operated a high pressure door-to-door scheme in the ghetto areas in New York City and they induced over 4,000 low-income Black and Puerto Rican people to lease burglar alarm systems at the unconscionably high price of $354. each, for a term of three years. Not only was the price five times the actual value, but the contracts also provided that in the event of a default in payment, the entire balance was due as liquidated damages, plus an additional fee of 20 percent if referred to an attorney. Moreover, the contracts called for automatic renewal at the same price at the end of the three years. The contracts also relieved the company of any liability for service and maintenance. The schemers were additionally vicious in that they commenced over 400 law suits against 'lessees' and entered default judgments. The Bureau's investigation disclosed that almost uniformly none of the consumers were properly served with process. A consent judgment was obtained whereby the defendants agreed to discontinue all pending law suits, and they were restrained from enforcing default judgments. Furthermore, they agreed to discontinue the unconscionable contracts, changing all objectionable provisions and providing translations for Spanish speaking customers. Costs of $4,000. were paid by the seller."

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
WHAT IS CONSUMER FRAUD?		
. Consumer fraud concerns purchases of - home improvements - appliances - furniture - other merchandise or services — sometimes resulting in problems including - excessive prices - poor quality of merchandise - lowering of credit ratings - garnishment - perhaps even loss of a job.	Show filmstrips, "Buyer Beware." Debate: Fraud exists in the case of a suburban family putting $2,500 down on a contract to build a home, and 6 months later finding the building corporation no longer exists and their money is gone.	. Six sound filmstrips in color, Catalog #22-8220; may be ordered on 30-day basis on approval ($79.50); Westinghouse Learning Corporation, 100 Park Avenue, New York, N. Y. 10017
. The practice of fraud can cause almost limitless problems for the poor and unsophisticated and even for those more knowledgeable.	Have a schoolwide competition in depicting a variety of situations which might be used for posters. For example, - drawing of a man being dragged off to jail for non-payment of a loan - "grand opening" specials, which are really used merchandise - signing of a contract with blanks, etc.	. "Getting a Lawyer," You and the Law, published by Grolier Educational Corporation, Chicago, Ill., 1969 . "This County Sticks Up for Its Shoppers, — A Novel Nassau County (N.Y.) Program," Changing Times, The Kiplinger Magazine, 1729 N.W., Washington, D.C., May 1968 . "The Dark Side of the Marketplace, p. 53
. There is often a loss of faith in our judicial system.		
. Many people don't complain because they don't know where to direct these complaints.		

BACKGROUND INFORMATION

Consumer fraud might best be expressed by the experience of an urban woman who was victimized through ignorance and sat by silently and helplessly while a local radio shop owner methodically took over her property:

"Mrs. Elsie Phillips had taken a radio to be repaired, believing it would cost $1, but when she learned the bill was to be $8.90, she dispatched her 20-year-old son to retrieve the radio. Instead, he bought a new radio at payments of $1.25 per week, and Mrs. Phillips signed the sales contract.

"When payments were not prompt, the dealer obtained a court judgment, ordering return of the radio and $81.50 in court costs and collection fees. It was easy to return the radio, but Mrs. Phillips could not produce $81.50. To satisfy this debt, the dealer then forced sale of her house and lot at public auction.

"As the only bidder, the radio dealer himself bought the property for $26.50. Mrs. Phillips was allowed to stay on, at $10 a week rent.

"A year was required before the deed to the house could be officially turned over to the radio shop owner, and during those twelve months, Mrs. Phillips could have saved her home by paying the $26.50 plus a $25 marshall's fee. But no one had told her, and by the time she found out, the deed had been transferred and there was nothing to do.

"She simply 'sat on the porch of her dingy...home,' reported Time magazine, 'and wept.'"

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Have a mock trial, depicting the characters in the above case.	
	. Invite a local judge or attorney to class and ask why something like this happened.	. Local judge
	. What could the woman have done to help herself?	
	. How may the innocent consumer be assured that the consumer protection laws will work for him – even if he is not aware of them?	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The consumer may be frightened by - harsh collection methods, such as tough-looking collectors - misleading dunning notices - midnight telephone calls, etc.	. Have each student relate an experience of an unusual method of collection which he might have read or heard about. . Contact the credit managers of several local companies and the manager of a local collection agency and secure samples of dunning letters. . Discuss and select the most "outstanding" to be placed on the bulletin board, along with the prize poster.	. "Lawyers and the Consumer," text of prepared remarks of Richard A. Givens, Regional Director, Federal Trade Commission, before the New York County Lawyers Association, 14 Vessey Street, New York, N. Y., April 26, 1972
HOW CAN THE CONSUMER AVOID BEING DEFRAUDED?		
. Compare Before You Buy! — You cannot make an intelligent choice until you have shopped around. If you do this, you have a chance of finding out what other companies offer and will make your choice on a more objective and less emotional basis.	. Show film "The Fine Art of Fraud." . Have committee write for a quantity of the pamphlets mentioned in the Source column. . Choose a product, such as panty hose or a set of wrenches, which you wish to buy. After deciding on the degree of quality, describe the various steps you would take in order to get the best buy for your money. Consider special sales, distance to travel, consumer reports, etc.	. Available free from the Department of Consumer Frauds, Attorney General's Office, 80 Centre Street, New York, N. Y. . "Your A B C's of Careful Buying, A Guide for the Consumer," published by the State of New York Department of Law, 80 Centre Street, New York, N. Y. . "20 Ways Not to be Gypped," a Scriptograph Booklet, Channing Bete Company, Inc., Greenfield, Mass., 1969

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. James D. Dilk, "Helping the Poor Against Gyps," Sunday Sun Magazine, published by the Baltimore Urban League, 1150 Mondawmin Concourse, Baltimore, Md. 21215
. Never Sign a Contract Until You Have Read It! — Don't wait for a problem to arise before reading the fine print! Remember, the salesman has read it and knows what is in it. Certainly, as the purchaser, you should take time to read it — until you understand what you are signing. Don't be pressured! Don't be embarrassed!	. Secure a copy of a filled-in contract for a - car - appliance or - home. . Using this, act out a skit in which one student is the salesman and the other the customer. The objective of the salesman is to get oue customer's signature as soon as possible. The customer, on the other hand, must insist upon reading the contract carefully and insist that the salesman explain any part of the contract which is not thoroughly understood.	
WHAT ARE SOME COMMON DANGERS A CONSUMER MUST BE ON GUARD AGAINST?		
. Exaggerated claims — such as claims about - curing disease or - making money. The first step in being duped is wanting to believe.	. Have class compose an ad for a local newspaper in which a franchise deal is offered; for example, an ice cream drive-in which nets $20,000 a year.	. "Exaggerated Claims," #7, #9, #11 from Cautious Consumer Series

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Make the ad so interesting that the response would be great. Exaggerate!	
	. Compare class' ads with those found in the local newspapers.	
. Bait and switch — The customer goes to buy that "unbelievable" bargain (the bait), only to find that the salesman tries to talk him into buying something else — usually something more expensive (the switch).	. Alert students to bait and switch ads. Have them bring in samples from current newspaper, which they consider to be the bait part of a bait and switch scheme.	. "Bait and Switch," #3 of the Cautious Consumer Series
	. Send a group of students to investigate an ad (chosen from those brought in) and report the reactions of the salesman to class.	
. Fictitious discounts — Merchants may sometimes give "discounts" on goods for which prices have previously been raised.		

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Home improvement plans — Be wary of salesmen who try to frighten you into getting something fixed which really doesn't need fixing. Some of these frauds involve furnace repairmen who will tell you that your furnace needs repair or the house is in danger of catching on fire, or they may tell you that your house is being eaten away by termites.	. Have the Class Committee secure a copy of a home completion slip. Describe its contents to class.	. "Consumer Views," published by the First National City Bank, 399 Park Avenue, New York, N. Y. 10022, September 1971
	. Relate the following fictitious case to class: Mr. J. Mason contracted to have his porch rebuilt. Halfway through the job the contractor asked Mr. Mason to sign a slip of paper to help him get some money from the bank for materials to finish the job. The contractor explained, "Don't worry, signing this completion slip is just a formality — it can't hurt you — you will be doing me a big favor."	. Local contractor . Contact local bank to obtain completion slip.
	. Have each student list the possible consequences to Mr. Mason if he signs the paper, ...if he does not sign. - What would a prudent consumer do? - If the consumer is foolish and makes the wrong decision, what can be done to help him?	. Local attorney

BACKGROUND INFORMATION

The following is quoted from page 22 of "The Dark Side of the Market-Place":

"A classic case is that of the Holland Furnace Company, which for thirty years conducted what Consumers Union branded 'one of the most pernicious sales rackets in the country.' Holland Furnace, based in Holland, Michigan, with 500 offices throughout the country and 5,000 employees, was the leading furnace-replacement firm in the nation. Through its 'tear down and scare tactics' it victimized hundreds of thousands of Americans. Misrepresenting themselves as 'furnace engineers' and 'safety inspectors,' the salesmen frequently dismantled a furnace, condemned it as hazardous and refused to reassemble it, stating they didn't want to be 'accessories to murder.' The salesmen were merciless. In New England, branch salesmen from one office sold an elderly infirm woman nine new furnaces in six years, for a total take of $18,000."

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Misrepresentation — Takes many forms, but is found mainly in the urban areas among vendors who service the poor. These vendors pass off used merchandise as new or first-class and compound their fraud by arranging "favorable credit terms." Misrepresentation may also be found in the service field, such as - home repairmen who use inferior products - correspondence, vocational, and dance schools - filling stations which turn a simple oil change into a major repair job.		. "Beware the Baby Racket," Everybody's Money, Autumn 1972, p. 21 . Hank Roden, "American Dream Fades," Long Island Press, January 4, 1973 . Jack Anderson, "Damaged Autos Being Sold as New," Long Island Press, March 14, 1973 . "Lefkowitz Raps Home Study School," Long Island Press, January 1973 . "Justice for Jack, The Right to be Heard," published by Changing Times Educational Service, Washington, D.C., 1971, p. 12

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. An article on food additives, which might be helpful in the "misrepresentation" area is "Eaters' Digest," published by Center for Service in the Public Interest Newsletter, 1779 Church Street, N.W. Washington, D.C. 20036, Summer 1972, Vol. 2, #3
. Bushing — "Bushing" a customer is the practice of unethical automobile salesmen in offering an extremely attractive trade-in allowance or other deal on buying a car. The management later repudiates the deal, and the salesman talks the customer into turning his car in at a lower price.	. Have students compare the meaning of "bushing" with two other common schemes, "lo-balling" and "hi-balling," and report back to the class. (Lo-balling — dealer tempts customer with low price; hi-balling — dealer starts with fictitious high price for car to be traded in) . Have students write and enact a skit in which the consumer is offered double the value of his car as a trade-in by the new car salesman. Play it up. Show his elation at the offer, his gradual disenchantment, and his eventual submission to a much lower offer.	. "Facts You Should Know About Schemes," p. 7

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Quackery — A quack is anyone who pretends to have knowledge in the medical and health fields, a field about which he really knows little or nothing. Some of the areas in which quacks operate are - worthless drugs - food fads - medical devices.	. Divide class into three groups and have each group research and report on one area of quackery mentioned. Have them include in their reports - who the quacks are - what damage is done by them - why people are attracted to them - how the average consumer might help himself avoid their traps.	. "Beware of Quacks and Fortune Tellers," Wise Buying Guide Series, prepared by the Education and Research Foundation, Better Business Bureau of Metropolitan New York, Inc., 110 Fifth Avenue, New York, N. Y. 10011 . "Beware of Fortune Tellers," Long Island ress, January 4, 1973
. Unordered merchandise — If received in the mail, unordered merchandise need not be acknowledged. You are under no obligation to return this merchandise. You may consider it a gift, and you may use it.	. Poll class to learn how many have received unordered merchandise through the mails. . List on the chalkboard all the items received. . How many were billed and did not pay? . How many received dunning letters? . Is it fair to the seller that the buyer keep the merchandise without paying? . Is it fair to the consumer that he be billed for unordered merchandise? . Should the law be changed?	. "A Free Set of Books," "The Right to Choose." published by Changing Times Educational Service, Washington, D.C., p. 14 . A pamphlet on unordered merchandise, "FTC Buyer's Guide #2," is available from the Federal Trade Commission, Sixth Street and Pennsylvania Avenue, Washington, D.C. . 1970 Postal Reorganization Act

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
IS THE CONSUMER ALONE IN THE MARKETPLACE?		
. In our rapidly changing world, even the most knowledgeable and critical consumer may find himself helpless.		
. Many new products are too sophisticated to provide the consumer with an intelligent choice.	. On the chalkboard list some of these sophisticated products, such as - transistor radios - stereo sets - clothes dryers. . Taking each product in turn, relate what you, the average consumer, would need to know in order to make an intelligent choice.	. "The United States Economy in Action, The Role of Consumers," filmstrip commentary and teaching guide, presented by the Joint Council on Economic Education, 1212 Avenue of the Americas, New York, N. Y. 10036
. The consumer is often confused by conflicting advertising claims. . As a consequence of this and other reasons, the consumer must look about for help.	. Divide class into several groups and instruct each group to choose a product which is commonly found in TV commercials, such as - aspirin - dog food - toothpaste, etc. . Instruct each group to compare several commercials relating to the product they have chosen. Report to the class on - conflicting claims - "weasel" words used, etc. . Discuss: Price is one way to determine the quality of a product.	. "A Critique of Consumerism," E. B. Weiss, Vice President and Director of Special Merchandising Service, Doyle, Dane, Bernbach, Inc., published by Doyle, Dane, Bernbach, Inc., 1967

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. Discuss: Choosing brand names only is the best way to shop and buy.	
. For the help he needs, the consumer may - rely on the judgment and experience of friends	. Have students volunteer their experiences in relying on the judgment and recommendation of friends. . Evaluate these experiences and determine by a majority vote whether this is a good way to make a purchase.	. Herbert M. Jelley and Robert O. Herrmann, "The American Consumer Issues and Decisions," McGraw-Hill Book Company, New York, 1973
- be guided by the research and reports of private testing and certifying agencies. (Look for the "seal of approval".) - rely on the reports of product testing organizations	. Have committee write for free slide presentation with commentary from Underwriters Laboratories. . Divide class into committees of three or four students each and instruct them to report orally the results of a test conducted by one of these organizations: - Consumer's Union - Consumers' Research . Be sure to include in the report how the product was tested and the recommendations of the testing organization. . Have class write for copies of Consumer Reports and Consumer Bulletin.	. "Underwriters Laboratories ... Testing for Public Safety," 207 E. Ohio Street, Public Information and Education Service, Chicago, Ill. 60611 . Some other testing organizations are - American Gas Association - International Fabricare - Good Housekeeping - Consumer's Union of U.S. (CU), Mount Vernon, N. Y., monthly publication Consumer Reports . Consumer Research, Inc. (CR), Washington, N.J., monthly publication Consumer Bulletin . Alexander Auerbach, "Consumer's Union Battle is a Little Easier," Long Island Press, March 13, 1972

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
- read consumer oriented literature - check with local private self-help organizations - check with government agencies - use the services of trade associations which voluntarily set standards for their own products.	. Have students who subscribe to publications listed in the Source column bring in copies for class use. If possible, start class library on consumer issues. . List all of the self-help organizations in your town or city. Include in the list the name, address, and telephone number of the person to contact for help. The town supervisor's office or the mayor's office might be a starting point for gathering this information. . Contact one or more of the trade associations listed and present the important points of their program which will be of benefit to the consumer. . Evaluate and discuss whether these activities are actually beneficial.	. Changing Times . Parents Magazine . Moneysworth . Popular Mechanics . Consumer section in daily local newspaper and New York Times . Better Business Bureau . Chamber of Commerce . Professional associations (advertising, law, medicine) . Federal Trade Commission . Food and Drug Administration . Attorney general . Department of Consumer Affairs, State and county . District attorney . The following is a partial list of organizations which set standards for their own products. This list was taken from "Questions and Answers for Consumer Customers," distributed by the National Association of Manufacturers, 277 Park Avenue, New York, N. Y. 10017

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. Man-Made Fiber Producers Association, Inc., 350 Fifth Avenue, New York, N. Y. 10001 . The American Dairy Association, 20 North Wacker Drive, Chicago, Ill. 60606 . American Medical Association, 535 N. Dearborn Street, Chicago, Ill. 60610 . National Safety Council, 425 North Michigan Avenue, Chicago, Ill. 60611 . United States Brewers Association, Inc., 1750 K Street, N.W. Washington, D.C. 20006 . Automobile Manufacturers Association, 320 New Center Building, Detroit, Mich. 48202
. Further — The consumer is aided by laws which protect him and which provide minimum standards for consumer products and services. These laws will be found at every level of government — county, city, State, and Federal.	. List on chalkboard current consumer laws or any laws being considered by your county, city, State or Federal legislature.	

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
HOW CAN CITY AND COUNTY GOVERNMENT AID THE CONSUMER?		
. County government, by its nature and size, is in a unique position to be both knowledgeable and responsive to consumer problems and needs.	. Plan an assembly program to be called Is Consumer Protection Alive and Well in _____ County?	. Bureau of Consumer Frauds and Protection, attorney general's office . County supervisor
	. Invite your county supervisor to tell about the county laws which protect the consumer.	. Commissioner of consumer affairs . "Consumer Protection in the States," distributed by the Council of State Governments, Iron Works Pike, Lexington, Ky. 40505
	. Also invite the commissioner of consumer affairs (if there is one) to tell about public and private services available to consumers and what is being done to improve these services.	. "Suffolk County Licenses Report," Long Island Commercial Review, September 26, 1972, p. 20
. Some counties have created separate consumer protection agencies and have empowered these agencies to - investigate consumer complaints - mediate consumer-vendor disputes - eliminate deceptive trade practices - educate people to protect themselves.	. Also invite a representative of the district attorney's consumer frauds office, Bureau of Weights and Measures, to discuss the enforcement of present laws.	. Nassau County, New York, local laws - 9-1967 - 5-1968 - 2-1970 (These laws outline powers and duties of commissioner of consumer affairs.)
	. Be sure to invite administration and faculty to participate with the various student committees necessary, such as the - Publicity Committee - Invitations Committee	. "If It's Not Fair, It's Our Affair," lists consumer protection laws and consumer cues, distributed by county of Nassau, Office of Consumer Affairs, 160 Old Country Road, Mineola, N. Y. 11501

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
	. An effective assembly program will require a speaker who can motivate students by having an awareness of - their interests and knowledge and - their level of understanding. . The speaker should attempt to include in this presentation visual material to emphasize the subject of the presentation. . After the assembly program is over, ask the representative from the Bureau of Weights and Measures if one or two of the students might accompany him the next time he is in the field. The students could tape a conversation with a shop owner and play it back for the class.	. "Report to the Consumer," and "Consumer's Guide to Government and Private Agencies," distributed by Nassau County Office of Consumer Affairs . "The Buyer's Watchdog," James E. Picken, Commissioner of Consumer Affairs, Nassau County Office of Consumer Affairs . "Consumer Education Using the Full Team," University of the State of New York, The State Education Department, Bureau of Secondary Curriculum Development, Albany, N. Y. 12224
. County government, along with city government, may provide the consumer with another opportunity to obtain adjudication of a complaint quickly and without attorney's fees through the Small Claims Court.	. Plan to take the class on a trip to the local Small Claims Court. Upon returning to school, allow students to freely express their opinions as to the court's effectiveness in settling disputes, - fairness - convenience to the consumer, etc.	. "How to Sue in Small Claims Court in New York City," Department of Consumer Affairs, 80 Lafayette Street, New York, N. Y. 10013 . "Report No. F-4, S.1602," New York County Lawyers' Association, 14 Vesey Street, New York, N. Y. 10007, March 1972

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. Small Claims Court is the place to go when - someone has cheated you - you think someone owes you money - the amount of money involved is under $500.		. "Buyer vs. Seller in Small Claims Court," Consumer Reports, Vol. 36,#10, October 1971
. For a small fee the consumer may start the suit and may also represent himself in court.		
. Some alternatives to Small Claims Court which are available to the consumer are - neighborhood legal aid offices for poor consumers - local arbitration panels - class-action lawsuits.		. Ralph C. Deans, "Class-Action Lawsuits," Editorial Research Reports, Vol. 1, No. 1, January 3, 1973, p. 3, states: "...It (a class-action lawsuit) permits hundreds, thousands, or even millions of similarly harmed individuals to combine their claims in a single lawsuit."
HOW CAN THE STATE GOVERNMENT AID THE CONSUMER?		
. New York was the first state to become actively concerned with the economic welfare of the consumer. In 1951,a special unit attached to the Governor's office was established to assist in the prosecution of consumer fraud cases. In 1957, the attorney general, by administrative directive, set up the first Consumer Frauds and Protection Bureau in the Nation.		. "Consumer Protection in the States" . "Lefkowitz to File Bills to Protect Long Island Wetlands," Long Island Press, January 2, 1973 . "ABC's — A Guide for Today's Consumer," distributed by the attorney general's office.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. The administration of State laws protecting the economic welfare of consumers is divided between - the attorney general's office (Bureau of Consumer Frauds and Protection) for: - law enforcement - mediation - education - legislation - and the State Consumer Protection Board		. "1971 Report of Bureau of Consumer Frauds and Protection," Department of Law, State of New York, Louis Lefkowitz, attorney general, 80 Lafayette Street, New York, N. Y.
- In 1970, the New York State Legislature created the State Consumer Protection Board.		
- The State Consumer Protection Board provides central State leadership to coordinate various consumer interest groups and State commissions and to sift complaints and recommend consumer protection bills.		. "Consumer Protection in the States" . Some New York State consumer protection laws and basic buying hints are offered in "ABC's — A Guide for Today's Consumer," distributed by the attorney general's office.

Some recently enacted consumer protection laws in New York State are listed below:

Tenant Security Deposits — Deposits held by landlords as security in dwellings of six or more apartments must be deposited for the benefit of tenants in interest bearing bank accounts, and tenants are entitled to receive interest on their deposit annually.

Trading Stamp Companies — Companies which issue trading stamps are required to be bonded and must honor consumer requests to redeem trading stamps for cash as well as merchandise.

Unordered Merchandise — The consumer who receives unordered merchandise in the mail has the right to keep it as a gift, with no obligation to return or pay for it.

Unsolicited Credit Cards — It is illegal for anyone to send you a credit card unless you request it in writing.

Computer Dating — The cash price of a social referral contract is limited to $250, and its duration to 2 years. Social referral agencies must now specify that a certain number of referrals will be made each month.

Prepackaged Food — Where prepackaged food is sold in markets, scales must be available to measure the weight of the package.

Television Tubes — It is a misdemeanor to install reconditioned or refurbished television tubes unless the repairman so advises the customer.

Used Merchandise — When merchandise is sold as used, it must be so marked.

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
. New Laws relating to holder in due course, venue, and garnishment are presently being considered by the New York State Legislature.	. Have Library Committee research current legislation or contact local assemblyman or senator for information relating to what consumer laws are presently being considered in the Legislature. . Ask specifically about legislation relating to garnishment and holder in due course.	. For a list of New York City laws, write to Betty Furness, commissioner, Department of Consumer Affairs, 80 Lafayette Street, New York, N. Y. Ask for "Know Your Consumer Affairs." . "Consumer Protection — Rock's Package Goes to Legislature," Long Island Press, January 30, 1973

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
HOW CAN THE FEDERAL GOVERNMENT AID THE CONSUMER?		
. Since most consumer products will be sold to a retail market, they become a matter for national concern and subject to control and regulation of the Federal Government.	. Conduct an assembly program called The Consumer and the FTC. The assembly may include the following subjects: - consumer protection against mislabeling of textile fibers and fur products and - against false and misleading advertising and consumer frauds of all types. (Refer to assembly recommendations for the county government, as a guide, see pages 86, 87.)	. "Consumer Protection in the States"
. For approximately the last 100 years, our government has assumed more and more responsibility in the area of consumer protection.	. Ask students to tell what advances they think have been made in consumer protection in the past century. . Have students relate their thoughts to specific laws which have been included in the module. . Have students chart these laws in chronological order in their notebooks. . What further laws do pupils think are needed?	. "The Right to be Informed," a learning resource from the CTES Consumer Law Kit, Changing Times Education Service, 1729 H Street, N.W., Washington, D.C. 20006

1872	Mail Frauds Statute	Prohibits deceptive practices, false claims and fraudulent schemes carried out through the mails.	United States Post Office Department
1906	Food, Drug and Cosmetic Act (with 1938 amendment)	Requires truthful and informative labeling and prohibits misbranding of food, drug and cosmetic products and medical devices. *Food labels* must state name of product; ingredients in order of predominance if not subject to a food standard; name and address of manufacturer, packer or distributor; weight and volume of the contents; list of any artificial coloring, flavoring or chemical used; style or form of food; and certain dietary properties if specific dietary claims are made. *Drug products* must be labeled with the common or usual name of the drug, name and address of manufacturer, packer or distributor; quantity; active ingredients; directions for use; and cautions, if needed. *Cosmetics* must be labeled with name and address of manufacturer, packer or distributor; quantity; directions for use; and cautions, if needed.	Food and Drug Administration (FDA) for labeling violations Federal Trade Commission (FTC) for false advertising
1914	Federal Trade Commission Act (with 1938 amendment)	Prohibits unfair methods of competition and unfair or deceptive acts or practices in commerce; deceptive business practices; false or misleading advertising; and the omission of necessary material facts in advertising.	Federal Trade Commission (FTC)
1933	Securities Act	Requires that companies selling new issues of stock to the public provide a complete statement of information on company operations, including a record of profits and losses for several years; a description of outstanding securities; a list of company officers and directors, together with their salaries, bonuses and stock interests in the company.	Securities and Exchange Commission (SEC)
1939	Wool Products Labeling Act	Requires that fabrics and products containing wool be labeled with percentage and type of wool used and the percentage of other fibers used in wool blends.	Federal Trade Commission (FTC)
1951	Fur Products Labeling Act	Requires that furs and fur trimmed product labels state name of animal in English; country of origin; parts of animal skin used; whether fur is used or damaged; whether fur is bleached or dyed; name or registered identification number of manufacturer or distributor.	Federal Trade Commission (FTC)

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1958	Textile Fiber Products Identification Act	Requires that textile fabrics and products be labeled with generic or family name by weight of fibers used in the order of predominance; percentage by weight of each fiber used in amounts of more than 5%; identity of manufacturer; country of origin, if imported.	Federal Trade Commission (FTC)
1958	Automobile Information Disclosure Act	Requires that new automobiles be labeled with specific information, including make and model; serial number; suggested retail price of car and of each accessory.	Department of Justice
1960	Hazardous Substances Labeling Act	Requires that hazardous substances (those that can cause serious injury or illness if misused or taken internally) be labeled with composition or ingredients in order of predominance; directions for use, care and storage; special warnings or cautions on misuse; quantity; name and address of manufacturer or distributor.	Food and Drug Administration (FDA)
1962	Kefauver-Harris Amendments to the Food, Drug and Cosmetics Act	Requires premarket proof of efficacy for all drugs except those on the market before enactment of the 1938 amendments to the Food, Drug and Cosmetics Act. Amendments also established a procedure under which the government may designate an official name for a drug.	Food and Drug Administration (FDA)
1966	Fair Packaging and Labeling Act	Requires that consumer goods be labeled with identity of commodity; name and address of manufacturer, packer or distributor; and in a uniform location, net quantity of contents and net quantity per serving, use or application if reference is made to individual servings, uses or applications.	Federal Trade Commission (FTC) for false advertising Food and Drug Administration for labeling violations
1966	Cigarette Labeling Act	Requires that cigarette packages be labeled with the warning, "WARNING: THE SURGEON GENERAL HAS DETERMINED THAT CIGARETTE SMOKING IS DANGEROUS TO YOUR HEALTH."	Federal Trade Commission (FTC)
1968	Consumer Credit Protection Act	Requires full disclosure of finance charges in dollar-and-cents cost and annual percentage rate, together with other specified information on credit contracts and monthly statements for all consumer credit transactions.	Federal Trade Commission (FTC)
1970	Fair Credit Reporting Act	Requires that the consumer be told by reporting agencies, if he requests, the information filed on him; source of information; recipients of reports for last two years for employment purposes, and last six months for other purposes. Provides for consumers to have disputed information reinvestigated, errors and obsolete information deleted and notification of corrections sent to recipients of erroneous reports if the consumer so requests. Gives the consumer the right to file a statement setting forth the nature of the dispute, if, after reinvestigation, the credit agency finds no reason to change the information.	Federal Trade Commission (FTC)

From "Right To Be Informed," Changing Times Education Service, 1729 H Street, Washington, D.C.

And more to come

Your right to be informed is not a static thing. New laws that affect this right are constantly being passed by federal, state and local legislatures. Most laws will expand and strengthen your right to be informed. But it is possible that new legislation can also weaken that right. By keeping informed about pending legislation, you can help protect your rights in the marketplace.

Here are some bills being considered by the first session of the 92nd Congress as this booklet goes to press. How did Congress deal with them? Were they passed? Amended? Rejected?

You can get updated information on these bills by writing to your senator or congressman, U.S. Senate (or House of Representatives), Washington, D. C. 20515. The Office of Consumer Affairs, New Executive Office Building, Washington, D. C. 20506, periodically prepares a compilation of bills pending that will help keep you up-to-date.

Advertising	Require advertisers to substantiate claims concerning safety, performance, effectiveness, characteristics and comparative prices of advertised products and services.
Drug identification	Establish an identification system for prescription drugs.
Amendments to the Federal Trade Commission Act	Strengthen the authority and power of the FTC in enforcing consumer protection measures and preventing deception and fraud.
Care labeling	Provide for permanent care labels on wearing apparel and certain other textile products.
Durable products	Require durable consumer goods to be labeled with their estimated performance life.
Perishable foods	Require packaged perishable foods to specify the date after which the product is not to be sold.
Food labeling	Require additional information to appear on packaged foods including nutritive content and a listing of major ingredients by percentage weight.
Unit pricing	Require a statement of unit prices on consumer commodities and packaged goods—price per ounce, pound or other measure.
Product testing	Establish testing methods to determine performance characteristics of products for the purpose of providing consumers with more reliable and meaningful product information.
Warranties	Provide for full disclosure of warranty terms and prevent the use of deceptive warranty claims as a buying incentive.

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UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. The following excerpt is taken from the pamphlet, "Questions and Answers for Consumers Customers," page 11: "Then recently, a third study — this one by Mrs. Virginia Knauer, the President's Special Advisor on Consumer Affairs — discovered that the overlapping and duplication of consumer programs made a count almost impossible." National Association of Manufacturers, 277 Park Avenue, New York, N. Y. 10017
. Government concern is accelerating rapidly and is reflected in the broad range of laws to be found in such areas as - safety - packaging - purity - labeling - advertising.		. "Questions and Answers for Consumers Customers," p. 11, carries the following statement: "Some 10 years ago a Congressional committee found in a study that nearly 300 different programs were operating to advance consumer interests."
. The Federal Trade Commission (FTC) is one of the major agencies advocating consumer protection. In cooperation with the Justice Department, it works to outlaw monopolies and price fixing.		. "FTC Eyes New Ways To Combat Fraud Against Urban Poor," Long Island Press, September 28, 1972
. It also seeks to prohibit false advertising, unfair trade practices and controls labeling of wool, fur, and textile products.		. "A&P, FTC Clash on Ad Specials," Long Island Press, March 8, 1973 . "Fight Back — The Un-Gentle Art of Self Defense," Federal Trade Commission, Superintendent of Documents, Washington, D.C. 20402

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. Some other Federal agencies which protect the consumer are - Department of Commerce - Department of Health, Education and Welfare - Department of Housing and Urban Affairs - Department of Labor.
		. Secure "Guide to Federal Consumer Service" by writing to Superintendent of Documents, Washington, D.C. 20402, 75¢ per copy.
. The Food and Drug Administration, another major consumer-oriented Federal agency, helps to protect the consumer against dangerous or misrepresented foods, drugs, or cosmetics.	. Conduct an assembly program called The Consumer and the FDA. The following subjects may be included: - regulation of food, drugs, cosmetics, and household substances - how the FDA protects the consumer against contaminated and mislabeled food, harmful and ineffective drugs. (Refer to recommendations for the county assembly program as a guide, see pages 86, 87.)	. "U.S. Economy in Action" . "How the FDA Works for You," U.S. Department of HEW, Food and Drug Administration, 5600 Fishers Lane, Rockville, Md. 20852 . "Significant Dates in Food and Drug Law History," Department of HEW, Food and Drug Administration, FDA Publication #20, Washington, D.C. 20204 . "How the Consumer Can Report to FDA," FDA Fact Sheet, September 28, 1972, U.S. Department of HEW, Food and Drug Administration

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
		. "FDA Curbs Use of Germicides — Tied to Infant Deaths," New York Times, September 23, 1972
		. Ralph Morse, "The New Food Labeling Code," "Consumer Watch" section of Parade, February 25, 1973
		. "The FDA is Facing Its Biggest Challenge," Newsday, December 8, 1972
. Although government, through laws, can provide for consumer protection and information, no amount of legislation can be effective without responsible group and individual consumer action.		. Richard Armstrong, "The Passion That Rules Ralph Nader, — 'Notches on Nader's Gun' — - The Automobile - Unsanitary Meat - Federal Trade Commission - Food and Drug Administration" Fortune, May 1971, Vol. LXXXIII, No. 5
		Richard L. Worsnop, "Directions of the Consumer Movement," Editorial Research Reports, "Emergence of Ralph Nader as Consumer Advocate," Vol. 1, No. 2, January 12, 1972, p. 27
HOW CAN CITIZENS BECOME RESPONSIBLE CONSUMERS?		
. Students as responsible consumers must - become informed buyers - know where to get information and help		. "Right to be Informed," p. 19

UNDERSTANDINGS	SUGGESTED PUPIL AND TEACHER ACTIVITIES	SOURCE
- recognize deceptive practices and claims - know consumer protection laws - report violations of the law to the proper authorities - shop with reputable businesses, and "if in doubt, check them out" - participate in worthwhile consumer group activities	. Organize a consumer group among students. Follow guidelines set up in "Forming Consumer Organizations" (send for copy). . Encourage parents, teachers, and lay people to join and advise in this community activity.	. Ralph Nader, "Who Speaks for the Consumer?" distributed by the League for Industrial Democracy, 112 East 19 Street, New York, N. Y. 10003 . "Naderism Grows," Long Island Press Parade, March 25, 1973, relates the impact of Ralph Nader on economic history and on today's youth. . "Forming Consumer Organizations," President's Committee on Consumer Interests, Washington, D.C., January 1969

"Legislative remedies and improved enforcement procedures are powerful weapons in the fight for consumer justice. But as important as these are, they are only as effective as an aware and informed public make them..."

President Richard Nixon
Consumer Message to Congress
February 24, 1971

SUMMARY

This module has attempted to help students to understand the law as it affects consumer transactions and to learn how to use the law as a shield. The nature of contracts, of explicit and implied warranties, and the conditions which govern installment contracts have been discussed.

Both the responsibilities which the law places upon those who buy and sell goods and the protection that the law affords the purchaser have been examined.

In summary, it might be judicious to remind the students that we have been in an era of consumer activism, resulting in a great many recent laws on the State and Federal level. The key word in the consumer field today is "change," at an accelerated rate. The question students should ask is — Where does consumer protection stop and where does the individual assume his rightful responsibilities and obligations in the marketplace?

While some problems are too big for consumers to cope with and require legislation, change should not be allowed to continue to the point where the individual rights and responsibilities are eroded.

The informed consumer is one who prudently avoids those difficulties he can, yet knows the steps to take to secure help when problems too big for him to handle arise.